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LEGISLATIVE HISTORY

Public Law 30--79th Congress

Chapter 54--1st Session

S. 298

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DIGEST OF PUBLIC LAW 30.

To increase from \$3,000,000,000 to \$4,750,000,000 the amount which Commodity Credit Corporation is authorized to borrow on the credit of the U. S.; to suspend for the duration of the war and a specified period thereafter the restrictions upon the sale of cotton contained in Sec. 381 (c) of the Agricultural Adjustment Act of 1938, provides that, with specific exceptions, farm commodities shall not be sold by the Corporation during the period of such suspension at less than the parity or comparable price; to exempt certain operations of the Commodity Credit Corporation from the restrictions upon the making of subsidy payments and purchases for resale at a loss imposed by Sec. 2 (e) of the Emergency Price Control Act of 1942, as amended, and to impose certain limitations upon the amount of losses which may be incurred and paid in connection with such subsidy operations and the buying of commodities for resale at a loss; to revise the basis for the valuation of the Corporation's assets for purposes of the annual appraisal made by the Secretary of the Treasury; and to extend the life of the Corporation as an agency of the United States through June 30, 1947.

Summary and Index of History on S. 298

January 15, 1945	S. 298 introduced by Senator Bankhead, Alabama. Referred to Senate Committee on Banking and Currency. Print of bill as introduced.
January 26-29, 1945	Hearings: Senate. S. 298.
January 31-Feb. 1-2,	Hearings: House. H. R. 2023.
February 1, 1945	S. 298 reported by Senate Committee on Banking and Currency with amendments. Senate Report No. 32. Print of bill as reported.
February 5, 1945	S. 298 passed Senate as reported.
February 6, 1945	H. R. 2023 (companion bill to S. 298) introduced by Mr. Spence. Referred to House Banking and Currency Committee. Print of bill as introduced.
February 7, 1945	H. R. 2023 reported without amendment. House Rept. 58. Print of bill as reported.
March 6, 1945	House Rules Committee reported H. Res. 167 (H. Rept. 267) for consideration of H. R. 2023.
March 9, 1945	H. R. 2023 debated in House.
March 12, 1945	H. R. 2023 passed House with amendment. Action vacated. Ordered to lie on table in view of passage of S. 298. S. 298 amended and passed House (in lieu of H. R. 2023).
March 13, 1945	Senate disagrees with House amendment and asks for conference. Senate conferees appointed.
March 14, 1945	House insists upon its amendment to bill, and agrees to conference. House conferees appointed.
March 15, 1945	Conferees granted until 12 o'clock midnight to file a report.
March 26, 1945	House received Conference Report. H. Rept. 395.
March 27, 1945	House agrees to Conference Report.
April 3, 1945	Senate debate on Conference Report.
April 4, 1945	Senate agreed to Conference Report.
April 12, 1945	Approved. Public Law 30.

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 8

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued January 16, 1945, for actions of Monday, January 15, 1945)

(For staff of the Department only)

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HOUSE

1. PATENTS. The report of the Patent Planning Commission (H. Doc. 22, see Digest6) contains the following recommendations: "The general policy of the Government should be that of making its patented inventions available for commercial and industrial exploitation by anyone, but the Government should have the power to grant exclusive licenses or otherwise dispose of patents under appropriate conditions and safeguards whenever it is determined that such action is necessary to assure the commercial development of an invention of a Government-owned patent. The policy regarding the respective rights in employee inventions should not be governed by rigid rules prescribed in advance for all departments and all cases but should be a matter primarily for departmental treatment. With respect to the two extreme cases, first, when an employee is hired to invent, and second, when an employee makes an unrelated invention, by use of his own time and facilities, the rule of the general law should be followed. General regulations should be maintained or promulgated in departments confronted with substantial patent problems. The ownership of inventions resulting from research contracts cannot be determined in advance by an arbitrary or fixed rule but must be decided in each instance in accordance with the facts involved. There should be a central control body, in the Executive Office of the President (...preferably within the Bureau of the Budget...), having the following principal powers, functions, and duties: (a) Promulgating general policies and supervising and approving departmental policies regarding employee inventions, and determining disputed cases. (b) Supervising and approving the manner of disposing of patent rights by the individual departments, including granting exclusive licenses and selling Government-owned patents. (c) Instructing and advising departments and agencies, collecting information, conducting investigations, and making appropriate recommendations."
2. BUDGET MESSAGE. The 1946 Budget includes, in the Agriculture Department section, a provision limiting the purchase of passenger vehicles for the field service to the total number indicated for purchase in the passenger-vehicles statements of the Budget.

3. A. A. A. Received the War Food Administrator's annual report of operations under the Soil Conservation and Domestic Allotment Act. To Agriculture Committee. (p. 277.)

SENATE

4. REPORTS. Received the annual reports of the Food and Drug Administration. To Commerce Committee. (p. 239.)
Received the annual report of the Federal Trade Commission. To Interstate Commerce Committee. (p. 239.)
5. CATTLE PRICES. Sen. Bushfield, S. Dak., inserted a S. Dak. Stock Growers Association report opposing live-cattle ceiling prices (p. 240).
6. EXECUTIVE AUTHORITY. The Judiciary Committee reported without amendment S. Res. 16, continuing the Committee's authority to study the legal and constitutional authority for the issuance of Executive orders and departmental regulations (S. Rept. 7). To Audit-Control Committee. (p. 240.)
7. LANDS INVESTIGATION. Public Lands and Surveys Committee reported with amendment S. Res. 18, to continue the investigation of the use of the public lands. To Audit-Control Committee. (p. 240.)
8. NOMINATIONS reported: J. Haden Alldredge and Charles D. Mahaffie to be Interstate Commerce Commissioners, Paul A. Porter to be a member of the Federal Communications Commission, and Guy M. Gillette to be a member of the Surplus Property Board (p. 240).
9. RURAL ELECTRIFICATION. Sen. Langer, N. Dak., inserted a Tenn. Rural Electric Cooperative Association resolution urging that REA be made an independent agency (pp. 267-8).
10. GRAZING FEES. Sen. McCarran, Nev., inserted a letter from himself to Secretary Ickes opposing any increase in the grazing fees (pp. 269-70).
11. ADJOURNED until Thurs., Jan. 18 (p. 271).

BILLS INTRODUCED

12. RURAL ELECTRIFICATION. S. 309, by Sen. Shipstead, Minn. (for Sens. Wheeler, Aiken, and himself) to make REA an independent agency. To Agriculture and Forestry Committee. Sen. Shipstead inserted a subcommittee report on this subject. (pp. 241-3.)
13. VETERANS. By Sen. Murray, Mont. (for himself and Sen. Wagner), S. 291, to amend the Servicemen's Readjustment Act regarding unemployment compensation. To Finance Committee. Remarks of author. (p. 241.)
14. POST-WAR PLANNING. S. Res. 33, by Sen. George, Ga., to continue the Special Committee on Post-war Economic Policy and Planning. To Finance Committee. (p. 243.)
15. PAYMENTS IN LIEU OF TAXES. By Sen. Hawkes, N. J., S. 295, to provide for payments to States and subdivisions as compensation for loss of revenues occasioned by U. S. acquisition of military lands. To Finance Committee. (p. 240.)
16. COMMODITY CREDIT CORPORATION. By Sen. Bankhead, Ala., S. 298, to continue CCC

as a U. S. agency, increase its borrowing power, revise the basis for annual appraisal of its assets, etc. To Banking and Currency Committee. (p. 240.)

17. FARM TENANCY; VETERANS. S. 299, by Sen. Bankhead, to amend the Bankhead-Jones Farm Tenant Act by making it possible for war veterans to obtain loans and insured mortgages, by reserving lands for sale to war veterans, and to other persons eligible under this act, by providing for insurance of farm-tenant mortgages, by increasing the responsibilities of county committees, etc. To Banking and Currency Committee. (pp. 240-1.)
18. RESEARCH. By Sen. Cordon, Oreg., S. 310, to provide for establishment of a bee-culture laboratory at Corvallis, Oreg. To Agriculture and Forestry Committee. (p. 241.)
19. COMMODITY CREDIT CORPORATION. H. R. 1450, by Rep. Spence, Ky., to continue CCC as a U. S. agency, increase its borrowing power, revise the basis for its annual appraisal of assets, etc. To Banking and Currency Committee. (p. 278.)
20. FORESTRY. By Rep. Angell, Oreg., H. R. 1407, to authorize acquisition of forest lands adjacent to or over which highways, roads, or trails are constructed with Federal funds in order to preserve or restore their natural beauty. To Agriculture Committee. (p. 277.)
H. R. 1408, by Rep. Angell, authorizing acquisition of certain lands in Mt. Hood National Forest. To Agriculture Committee. (p. 277.)
21. TAXATION. H. R. 1410, by Rep. Angell, to establish a Commission on Taxation. To Ways and Means Committee. (p. 277.)
22. PAYMENTS IN LIEU OF TAXES. H. R. 1418, by Rep. Angell, providing for State and local taxation of certain military lands. To Public Lands Committee. (p. 277.)
23. ST. LAWRENCE WATERWAY. H. R. 1428, by Rep. Dondero, Mich., to provide for improvement of the Great Lakes-St. Lawrence Basin. To Rivers and Harbors Committee. (p. 277.)
24. FLOOD CONTROL. H. R. 1434, by Rep. Johnson, Ind., to provide for flood control on the Wabash River. To Flood Control Committee. (p. 277.)
25. FOREIGN TRADE. H. R. 1440, by Rep. Larcade, La., to limit the purposes for which RFC and Export-Import Bank loans may be made in foreign countries. To Banking and Currency Committee. (p. 278.)
H. R. 1443, by Rep. Mills, Ark., for same purpose (p. 278.)
26. WILDLIFE CONSERVATION. H. Res. 75, by Rep. Robertson, Va., to continue the Special Committee on Wildlife Conservation. To Rules Committee. (p. 278.)
27. PERSONNEL. H. R. 1437, by Rep. Lane, Mass., to amend the Annual Leave Act. To Civil Service Committee. (p. 278.)
H. R. 1438, by Rep. Lane, providing compensation for forfeited leave. To Civil Service Committee. (p. 278.)
H. R. 1445, by Rep. Mundt, S. Dak., to provide for optional retirement of Government employees who are 55 and have rendered 25 years' service. To Civil Service Committee. (p. 278.)
H. R. 1417, by Rep. Angell, to amend the Civil Service Retirement Act. To Civil Service Committee. (p. 277.)
H. R. 1433, by Rep. Hobbs, Ala., to prohibit un-American activities by Federal employees. To Judiciary Committee. (p. 277.)

28. DAYLIGHT-SAVING TIME. By Rep. O'Hara, Minn., H. R. 1446, to restore standard time. To Interstate and Foreign Commerce Committee. (p. 278.)
29. VETERANS (miscellaneous bills). H. R. 1451, 1422, 1423, 1424, 1426, and S. 294.

ITEMS IN APPENDIX.

30. NATIONAL-SERVICE; FARM LABOR; FARM MACHINERY. Extension of remarks of Rep. Hoffman, Mich., opposing national-service legislation, the drafting of farm labor, and farm-machinery exports (pp. A139-40).
31. TAXATION; COOPERATIVES; PERSONNEL. Extension of remarks of Sen. Capper, Kans., including C. C. Cogswell's (Kans. Grange) address urging revision of the tax system; criticizing the "unprecedented increase in Federal employees;" and favoring cooperatives (pp. A144-5).
32. TENNESSEE VALLEY AUTHORITY; MISSOURI VALLEY AUTHORITY. Extension of remarks of Sen. Murray, Mont., including TVA Chairman Lilienthal's New York Times article on the work of TVA and favoring the proposed MVA, and stating that "TVA has demonstrated a new...method for development of the great river basins" (pp. A145-6).
33. SURPLUS PROPERTY. Extension of remarks of Sen. Johnson, Colo., including his correspondence with Bernard Baruch regarding Mr. Baruch's opinions in connection with surplus-property disposal (pp. A146-7).
34. PATENTS. Extension of remarks of Rep. Voorhis, Calif., urging favorable consideration of his bill H. R. 97, providing that "a patent holder can no longer enforce his patent if he is found...to have illegally used his patent in restraint of trade" (pp. A148-50).
35. HEALTH. Sen. Pepper, Fla., inserted several articles on the health of the Nation and its relation to the ability of the Nation to continue the war (pp. A150-2).
36. REP. O'CONNOR. Extension of remarks of Rep. White, Idaho, commending the work of the late Rep. O'Connor regarding agriculture, etc. (p. A152).

For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 112 Adm. Arrangements may be kept advised routinely of actions on any bill.

30, 1944 (with an accompanying report); to the Committee on Interstate Commerce.

**REPORT OF THE CHESAPEAKE & POTOMAC
TELEPHONE CO.**

A letter from the president of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, the report of the company for the year 1944 (the month of December being estimated) (with an accompanying report); to the Committee on the District of Columbia.

**REPORT OF GEORGETOWN BARGE, DOCK, ELEVATOR
& RAILWAY CO.**

The report of the Georgetown Barge, Dock, Elevator & Railway Co. for the calendar year 1944; to the Committee on the District of Columbia.

CEILING PRICES FOR LIVE CATTLE

Mr. BUSHFIELD. Mr. President, on New Year's Day about a dozen Senators in association with about 35 cattle producers and cattle feeders from the section of the country extending from the eastern seacoast to the Rocky Mountains, gathered in the office of Judge Vinson, Director of Economic Stabilization, to discuss the question of ceiling prices for live cattle. Many of the cattle producers in my section of the country do not approve the action which has been taken by the Director, and I ask unanimous consent to incorporate in the RECORD as a part of my remarks and to have appropriately referred a resolution and statement of the South Dakota Stock Growers' Association.

There being no objection, the resolution and statement were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

**SOUTH DAKOTA STOCK
GROWERS' ASSOCIATION,
Rapid City, S. Dak., January 9, 1945.**

Hon. HARLAN J. BUSHFIELD,
United States Senate,
Washington, D. C.

Hon. BUSHFIELD: The executive board of the South Dakota Stock Growers' Association, in session at Rapid City, S. Dak., on January 8, 1945, adopted the following resolution:

"Whereas the W. F. A. has requested that the livestock producer and agriculturalist produce more food for the war effort, liberated countries, and home consumption in the year 1945; and

"Whereas the many Federal directives in the past, as well as the present, causes much discouragement to producers of food: Then be it

"Resolved, That the South Dakota Stock Growers Association are unalterably opposed to the enactment by law or directive, any ceiling on live cattle. Instead issue a directive that would be for encouragement to all food producers to produce more food for all this coming year."

The livestock producers as well as the livestock feeders of South Dakota have prepared themselves during this last market season to go all-out for greater meat production for this coming year. Therefore, we feel that they should not be thrown off balance by any new proposals which would hinder them in meeting this goal.

Sincerely yours,

RAY KALKBRENNER, Secretary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ELLENDER, from the Committee on Claims:

S. 72. A bill for the relief of Antonio Ruiz; without amendment (Rept. No. 1);

S. 76. A bill for the relief of John T. Cooper; without amendment (Rept. No. 2);

S. 77. A bill for the relief of Lindon A. Long; with amendments (Rept. No. 3);

S. 167. A bill for the relief of Perkins Gins, formerly Perkins Oil Co., of Memphis, Tenn.; without amendment (Rept. No. 4);

S. 177. A bill for the relief of Oscar Griggs; with amendments (Rept. No. 5);

S. 243. A bill for the relief of Galen E. Walter; without amendment (Rept. No. 6).

Mr. McCARRAN. From the Committee on the Judiciary, I report back favorably Senate Resolution 16 and Senate Resolution 17, and ask unanimous consent that the committee may later file written reports on the resolutions.

The VICE PRESIDENT. Without objection, it is so ordered.

By Mr. McCARRAN, from the Committee on the Judiciary:

S. Res. 16. Resolution continuing the authority for a study into the legal and constitutional authority for the issuance of Executive orders of the President and of departmental regulations, and increasing the limit of expenditures; without amendment (Rept. No. 7) and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate; and

S. Res. 17. Resolution continuing the authority for an investigation of the alcoholic-beverage industry and increasing the limit of expenditures; with an amendment (Rept. No. 8) and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

By Mr. HATCH, from the Committee on Public Lands and Surveys:

S. Res. 18. Resolution continuing the authority for an investigation of the use of public lands, and increasing the limit of expenditures; with an amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

By Mr. McFARLAND, from the Committee on Interstate and Commerce:

S. Res. 24. Resolution continuing the authority for an investigation of international communications by wire and radio; without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Adolf A. Berle, Jr., of New York, to be Ambassador Extraordinary and Plenipotentiary to Brazil;

Robert L. Buell, of New York, now a Foreign Service officer of class 6 and a secretary in the Diplomatic Service, to be also a consul general; and

Walworth Barbour, of Massachusetts, now a Foreign Service officer of class 6 and a secretary in the Diplomatic Service, to be also a consul.

By Mr. GEORGE, from the Committee on Finance:

Sundry officers for appointment and promotion in the Regular Corps of the United States Public Health Service.

By Mr. WHEELER, from the Committee on Interstate Commerce:

J. Haden Alldredge, of Alabama, to be Interstate Commerce Commissioner for the term expiring December 31, 1951 (reappointment);

Charles D. Mahaffie, of the District of Columbia, to be Interstate Commerce Commis-

sioner for the term expiring December 31, 1951 (reappointment); and

Paul A. Porter, of Kentucky, to be a member of the Federal Communications Commission for the unexpired term of 7 years from July 1, 1942, to which office he was appointed during the last recess of the Senate.

By Mr. McCARRAN, from the Committee on the Judiciary:

Reed Sharp, of Tennessee, to be United States marshal for the middle district of Tennessee. (Mr. Sharp is now serving in this office under an appointment which expired February 12, 1944); and

Miles N. Pike, of Nevada, to be United States attorney for the district of Nevada, to fill an existing vacancy.

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

Guy M. Gillette, of Iowa, to be a member of the Surplus Property Board for a term of 2 years from October 3, 1944.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

**BILLS AND JOINT RESOLUTION
INTRODUCED**

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Utah:

S. 290. A bill to authorize the Secretary of War to grant to the Orange & Rockland Electric Co., a 150-foot perpetual easement across the West Point Military Reservation in the State of New York; to the Committee on Military Affairs.

(Mr. MURRAY (for himself and Mr. WAGNER) introduced Senate bill 291, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. BAILEY:

S. 292. A bill to provide for the sale of certain Government-owned merchant vessels, and for other purposes; to the Committee on Commerce.

By Mr. WAGNER (for himself and Mr. WHEELER):

S. 293. A bill to amend the Railroad Retirement Acts, the Railroad Unemployment Insurance Act, and subchapter B of chapter 9 of the Internal Revenue Code; and for other purposes; to the Committee on Interstate Commerce.

By Mr. GEORGE:

S. 294 (by request). A bill to authorize the Administrator of Veterans' Affairs to furnish certain benefits, services, and supplies to discharged members of the military or naval forces of any nation allied or associated with the United States in World War No. 2, and for other purposes; to the Committee on Finance.

By Mr. HAWKES:

S. 295. A bill to provide for certain payments to States and their political subdivisions as compensation for loss of revenues occasioned by the acquisition of real property by the United States for military purposes; to the Committee on Finance.

By Mr. McKELLAR:

S. 296. A bill to safeguard the activities of the Office of Censorship; to the Committee on the Judiciary.

By Mr. BANKHEAD:

S. 297. A bill for the relief of Mrs. Zenobia Mershon; to the Committee on Claims.

S. 298. A bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes; and

S. 299. A bill to amend the Bankhead-Jones Farm Tenant Act (7 U. S. C. 1000-1029), by making it possible for war veterans to obtain loans and insured mortgages, by reserving lands for sale to war veterans, and to other persons eligible under this act as amended, by providing for insurance of



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 79th CONGRESS, FIRST SESSION

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WASHINGTON, MONDAY, JANUARY 15, 1945

No. 8

Senate

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Lord of the morning, who spreadest the mantle of light about us while other lands are shrouded in shadow, yet who dost brood with watchful love in both darkness and light, grant us a vivid sense of Thy presence as here we face the tangled tragedy of this sorely wounded world. As dawn has grown into fullness of noontide, so let Thy light banish all shadows of doubt and guilt from our own hearts that we may find and follow Thy purpose throughout this day. We beseech Thee help us to use its precious hours in such manner that Thou canst hallow it with Thy blessing and glorify it with Thy presence.

May we be strong to do the things worth doing and put aside the things which are unworthy, belittling, or base. Keep our expectant eyes on the unending future toward which we strive. Give us the radiant joy which is the constant reward of those who are workers together with Thee for a redeemed earth to which Thy kingdom at last shall come. Amen.

ATTENDANCE OF SENATORS

ALBERT W. HAWKES, a Senator from the State of New Jersey; JAMES M. MEAD, a Senator from the State of New York; E. H. MOORE, a Senator from the State of Oklahoma; and W. LEE O'DANIEL, a Senator from the State of Texas, appeared in their seats today.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, January 11, 1945, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

RESIGNATION OF SENATOR TRUMAN

The VICE PRESIDENT laid before the Senate copy of a letter of resignation from Mr. TRUMAN addressed to the Governor of Missouri, which was read and ordered to lie on the table, as follows:

UNITED STATES SENATE,
Washington, D. C., January 9, 1945.
Hon. PHIL M. DONNELLY,
Governor, State of Missouri,
Jefferson City, Mo.

DEAR GOVERNOR: Due to the fact I am to be sworn in as Vice President of the United States on January 20, I am tendering my resignation as United States Senator from Missouri, effective January 18.

Sincerely yours,

HARRY S. TRUMAN,
United States Senator.

ANNOUNCEMENT OF MEETING WITH GENERAL MARSHALL AND ADMIRAL KING

Mr. BARKLEY. Mr. President, I am glad to announce to the Members of the Senate that they, together with Members of the House of Representatives, will soon be invited by the Secretaries of War and Navy to attend an off-the-record discussion on the present war situation, which will be presented by General Marshall on behalf of the War Department and the Army, and Admiral King on behalf of the Navy Department and the Navy.

For reasons of security, the information which will be given to the Members of Congress at this meeting will be highly confidential. The place of the meeting cannot yet be disclosed. However, it will be held on the morning of Wednesday, January 24, at a place which will be convenient to all of us to attend. I understand that each Member of the Senate is to receive a formal invitation, which will contain complete details.

I have been asked to emphasize that only Members of Congress will be permitted to attend. Members of their staffs, or friends, or individuals acting on behalf of the Members, will not be admitted.

I understand that General Marshall and Admiral King will give us information on the war which cannot be released publicly for security reasons. I strongly recommend that all of us attend who possibly can, because such information directly from General Marshall and Admiral King, who have such a profound knowledge of present and pending military and naval operations, should give us all a much better under-

standing of the enormously important developments taking place today.

Again I must emphasize that the information presented at this meeting will be confidential, and that only Members of Congress will be permitted to attend. The date, I again state, will be the morning of the 24th of January. The exact time of the meeting will be stated in the invitation which we will all receive, and I hope that all the Members of the Senate who possibly can do so will attend.

Many of us will remember a former occasion when General Marshall and Admiral King gave to Members of the Senate on one day, and on another, I think, to Members of the House, a confidential description of the situation up to that time. I am sure we will all be very much interested in and instructed by this confidential recital on their part of the present military and naval situation.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters and report, which were referred as indicated:

REPORT OF FOOD AND DRUG ADMINISTRATION

A letter from the Administrator of the Federal Security Agency, transmitting, pursuant to law, the annual report of the Food and Drug Administration for the fiscal year ended June 30, 1944 (with an accompanying report); to the Committee on Commerce.

VISIT OF BOARD OF VISITORS TO UNITED STATES MERCHANT MARINE ACADEMY

A letter from the Chairman of the United States Maritime Commission, stating that, pursuant to law, Thursday, June 7, and Friday, June 8, have been fixed as the dates for the 1945 visit of the Board of Visitors to the United States Merchant Marine Academy at Kings Point, N. Y.; to the Committee on Commerce.

REPORT OF FEDERAL TRADE COMMISSION

A letter from the Chairman of the Federal Trade Commission, transmitting, pursuant to law, the thirteenth annual report of the Commission for the fiscal year ended June 30, 1944 (with an accompanying report); to the Committee on Interstate Commerce.

REPORT OF FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman of the Federal Communications Commission, transmitting, pursuant to law, the tenth annual report of the Commission for the fiscal year ended June

79TH CONGRESS
1ST SESSION

S. 298

IN THE SENATE OF THE UNITED STATES

JANUARY 15, 1945

Mr. BANKHEAD introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 4 of the Act approved March 8, 1938 (52
4 Stat. 108), as amended, is hereby amended by deleting the
5 term "\$3,000,000,000" and inserting in lieu thereof the
6 term "\$5,000,000,000".

7 SEC. 2. In the event the War Food Administrator deter-
8 mines that there is danger of loss or waste through spoilage
9 in the stocks of any nonbasic perishable commodity owned

1 or controlled by the Commodity Credit Corporation, the
2 Corporation may sell or cause to be sold such stocks of such
3 commodity below the parity or comparable price therefor
4 and the Corporation shall, insofar as practicable, make such
5 sales, or cause them to be made, in such manner as to increase
6 the consumption of such commodity and to prevent the de-
7 pression of the farm price of the commodity.

8 SEC. 3. The provisions of subsection (c) of section 381
9 of the Agricultural Adjustment Act of 1938 (52 Stat. 67)
10 are suspended until the expiration of the two-year period
11 beginning with the 1st day of January immediately follow-
12 ing the date on which the President, by proclamation, or the
13 Congress, by concurrent resolution, declares that hostilities
14 in the present war have terminated.

15 SEC. 4. The last paragraph of section 2 (e) of the
16 Emergency Price Control Act of 1942, as amended by the
17 Stabilization Extension Act of 1944, shall not apply to the
18 operations of the Commodity Credit Corporation designed
19 to support prices or obtain production of agricultural com-
20 modities, or to absorb abnormal costs in connection with
21 the transportation of agricultural commodities and foods.

22 SEC. 5. The first two sentences of section 1 of the Act
23 approved March 8, 1938 (52 Stat. 107), as amended, are
24 hereby amended to read as follows:

25 "As of the 30th of June in each year and as soon as

1 possible thereafter, beginning with June 30, 1945, an
2 appraisal of all of the assets and liabilities of the Commodity
3 Credit Corporation for the purpose of determining the net
4 worth of the Commodity Credit Corporation shall be made
5 by the Secretary of the Treasury. The value of assets shall
6 be determined on the basis of the cost of such assets to the
7 Commodity Credit Corporation, or insofar as practicable,
8 the average market price of such assets during the last month
9 of the fiscal year covered by the appraisal, whichever is the
10 lower, and a report of any such appraisal shall be submitted
11 to the President as soon as possible after it has been made”.

12 SEC. 6. The first sentence of section 7 of the Act
13 approved January 31, 1935 (49 Stat. 4), as amended, is
14 hereby amended by striking out “June 30, 1945” and insert-
15 ing in lieu thereof “June 30, 1947”.

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

By Mr. BANKHEAD

JANUARY 15, 1945

Read twice and referred to the Committee on
Banking and Currency

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

78th-1st, No. 9

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued January 17, 1945, for actions of Tuesday, January 16, 1945)

(For staff of the Department only)

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BILLS INTRODUCED

COMMODITY CREDIT CORPORATION. S. 298 and H. R. 1450 (see Digest 8) would increase CCC's borrowing power by \$2,000,000,000 (to a total of \$5,000,000,000); authorize CCC, if the War Food Administrator determines that there is danger of spoilage of any non-basic perishable commodity owned or controlled by CCC, to sell or cause to be sold such commodity below parity or comparable price, but would require such sales to be made, insofar as practicable, so as to increase consumption and prevent depression of farm prices; suspend, until two years after the January 1 immediately following the end of the war, the restrictions on the sale of cotton in Sec. 381 (c) of the Agricultural Adjustment Act of 1938; provide that the anti-subsidy provisions of the Stabilization Extension Act of 1944 shall not apply to CCC operations designed to support prices or obtain production of agricultural commodities, or to absorb abnormal costs in connection with transportation of agricultural commodities and foods; provide for annual appraisals of CCC assets as of June 30 (now March 31), on the basis of the lower of average market price during the last month of the fiscal year or cost (now lower of cost, including not more than one year's charges, or average market prices for 12 months before appraisal); and continue CCC as a U. S. agency from June 30, 1945, to June 30, 1947.

For other bills introduced, see page 3.)

HOUSE

PUBLIC LANDS Committee's report on its study of public-land problems, pursuant to H. Res. 281, 78th Cong. (H. Rept. 2094, 78th Cong.), reviews State legislation on taxation of public property and Federal legislation on payments in lieu of taxes; states that the committee is now developing legislation to take care of public-land problems and that the field hearings helped to bring the land-administering departments and interested parties together; and recommends continuation of the committee's study.

3. COLUMBIA BASIN. Irrigation and Reclamation Committee's report, pursuant to H. Res. 262, 78th Cong. (H. Rept. 2099, 78th Cong.), on the investigation of the Columbia River and its tributaries, discusses the work of the Bureau of Reclamation; recommends a comprehensive post-war construction program, authorization of at least \$25,000,000 for use as soon as manpower is available by the Bureau of Reclamation and other agencies in completing field surveys, etc., and construction of several irrigation projects; and opposes the proposed projects at Flathead and Pend Oreille Lakes "due to the serious loss which would result from the inundation of farm lands."
4. FARM LABOR; SELECTIVE SERVICE. Rep. Gross, Pa., inserted a farmer's letter opposing the drafting of farm labor (p. 282).
Rep. McKenzie, La., stated that farmers have already contributed more than their share to selective service (p. 285).
Rep. Stockman, Oreg., stated that drafting farm labor will interfere with food production (pp. 297-9).
5. INVESTIGATING COMMITTEES. The Rules Committee reported resolutions to continue several special committees, as follows:
 Post-War Economic Policy and Planning (H. Res. 60, p. 288).
 Small Business (H. Res. 64, H. Rept. 21, p. 289).
 Civil Service (H. Res. 66, H. Rept. 23, p. 289).
 Organization of Congress (H. Con. Res. 18, H. Rept. 22, p. 289).
 Wildlife Conservation (H. Res. 75, H. Rept. 24, p. 296)...
6. GRAIN; LIQUOR. Rep. Rees, Kans., criticized the WFB order, approved by WFA, to permit temporary production of liquor (pp. 283-4).
7. PATENTS. Rep. Voorhis, Calif., spoke in favor of controlling patents issued for use by cartels (pp. 296-7).
8. REPORTS. Received the annual reports of Rural Electrification Administration and Food and Drug Administration (p. 302).
9. COMMITTEE ASSIGNMENTS. Elected members to committees, as follows (list includes members elected Jan. 3) (minority members not included) (pp. 286-7):

 Agriculture: Reps. Flannagan (Chairman), Cooley, Zimmerman, Pace, Poage, Grant, Cannon of Fla., Wickersham, Voorhis, Granger, Gathings, McMillan, Worley, Abernethy, Clements, Earthman, Pinero.

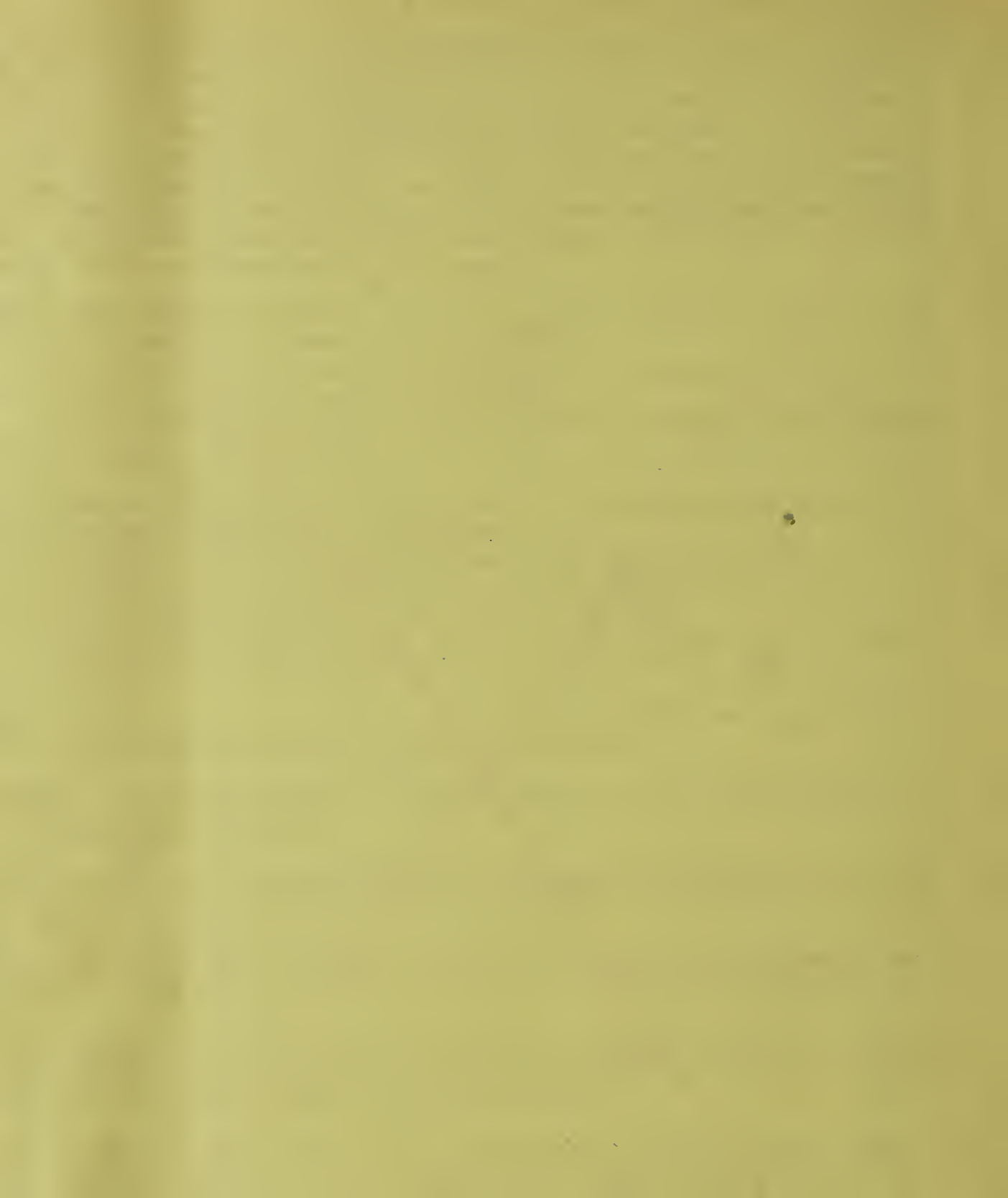
 Appropriations: Reps. Cannon of Mo. (Chairman), Woodrum, Ludlow, Tarver, Johnson of Okla., Snyder, O'Neal, Rabaut, Kerr, Mahon, Sheppard, Hare, Thomas, Hendricks, Kirwan, Coffee, Norrell, Whitten, O'Brien, Curley, Gore, D'Alesandro, Andrews, Rooney, and Koppleman.

 Banking and Currency. Reps. Spence (Chairman), Brown, Patman, Barry, Monroney, Folger, Baldwin, Hays, Hoch, Outland, Thom, Quinn, Woodhouse, Riley, Rains, and Hull.

 Civil Service: Reps. Ramspeck (Chairman), Randolph, Jackson, Manasco, Barden, Morrison, Hook, Rayfiel, Miller, Eombs, Graham, Fallon, and Huber.

 Claims: Reps. McGehee (Chairman), Dickstein, Keogh, Fernandez, Stigler, Hook, Eombs, Granahan, Hedrick, Barrett, Doyle, _____, _____.

 Expenditures in the Executive Departments: Reps. Manasco (Chairman), Cochran,



TO CONTINUE COMMODITY CREDIT CORPORATION

HEARINGS

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY

UNITED STATES SENATE

SEVENTY-NINTH CONGRESS

FIRST SESSION

ON

S. 298

A BILL TO CONTINUE COMMODITY CREDIT
CORPORATION AS AN AGENCY OF
THE UNITED STATES

JANUARY 26 and 29, 1945

Printed for the use of the Committee on Banking and Currency



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TO CONTINUE COMMODITY CREDIT CORPORATION

FRIDAY, JANUARY 26, 1945

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met, pursuant to call, in room 301, Senate Office Building, Senator John H. Bankhead 2d presiding.

Present: Senators Bankhead (presiding), Radcliffe, Murdock, Taylor, Fulbright, Tobey, Taft, Thomas of Idaho, Butler, Capper, Millikin, and Hickenlooper.

SENATOR BANKHEAD. The committee will come to order.

The committee has under consideration Senate bill 298, which was introduced by myself. The bill will be made a part of the record. (The bill S. 298 is as follows:)

[S. 298, 79th Cong., 1st sess.]

A BILL To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$3,000,000,000" and inserting in lieu thereof the term "\$5,000,000,000".

SEC. 2. In the event the War Food Administrator determines that there is danger of loss or waste through spoilage in the stocks of any nonbasic perishable commodity owned or controlled by the Commodity Credit Corporation, the Corporation may sell or cause to be sold such stocks of such commodity below the parity or comparable price thereof and the Corporation shall, insofar as practicable, make such sales, or cause them to be made, in such manner as to increase the consumption of such commodity and to prevent the depression of the farm price of the commodity.

SEC. 3. The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the two-year period beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated.

SEC. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities, or to absorb abnormal costs in connection with the transportation of agricultural commodities and foods.

SEC. 5. The first two sentences of section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, are hereby amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made".

SEC. 6. The first sentence of section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by striking out "June 30, 1945" and inserting in lieu thereof "June 30, 1947".

Senator BANKHEAD. I called this meeting as chairman of the subcommittee, of which I am chairman, and gave notice and specific invitation to all members of the committee to attend. I hoped that it might save time and save another hearing before the full committee. Therefore, every member of the committee here has the same privilege as if he belonged to the subcommittee; in fact, I have authority to call the full committee, and if the committee thinks advisable I will now convert this into the full committee.

Senator TAFT. I do not see why that would not be a very valuable procedure. I think it would save a good deal of the time of the committee not only now, Senator, but in the future.

Senator BANKHEAD. Everybody has had proper notice. Whatever the desire of the Senators is.

Senator TAFT. I would strongly suggest it. I believe it will save time in the end.

Senator BANKHEAD. Very well. I will accept the suggestion. I now convert this meeting into a meeting of the full committee.

As previously stated, we have before us, under this notice to consider S. 298, a bill, being a bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

This is a hearing on that bill. Judge Marvin Jones, Administrator of the War Food Administration—among his many other duties—is here. He is very familiar with this bill; in fact, he has a great deal to do with the sponsoring of this bill. He is present to testify, and there are other witnesses to follow when he has completed his testimony.

Therefore, I will ask Judge Jones to proceed to make his own statement.

STATEMENT OF HON. MARVIN JONES; ADMINISTRATOR, WAR FOOD ADMINISTRATION, WASHINGTON, D. C.

Mr. JONES. Mr. Chairman and members of the committee, I do not have any prepared statement. I would like the opportunity to make a brief explanation of the bill and submit a few figures which we have on some charts here, if I may do so, before we go into the matter of questions and answers.

Thereafter, I will be most happy to answer any questions which the Senators may care to put to the best of my ability. Should they be specialized questions in some of the fields, why, we have here several gentlemen familiar with the more detailed operations in those various activities, and I know they will be more than glad to answer any questions and furnish any information at their command. Shall I proceed?

Senator BANKHEAD. You may proceed, if you wish, Judge Jones.

Senator TAFT. If I may ask you this question, Judge: Have you prepared, or is there before us, a statement of the assets and the liabilities? Also, what you have available as to operations up to the present?

Mr. JONES. I have that. I have it in here, in fact, in detail. I have a statement, also, of the need for the additional funds and the purposes for them, also a table showing the present status of the funds.

Senator TAFT. The balance sheet?

Mr. JONES. I will be glad to furnish those. I think probably there are some other questions as to which some of the other gentlemen here can give the details better than I can, because they have handled the operative features of it. They will be able to furnish not only the situation as to the present funds and outstanding loans and commitments as well as applications, but also an explanation as to why we need the additional authority here asked for.

Of course, a good deal of that is based on assumption, gentlemen, and it cannot be determined, speaking of the future situation, save by basing it upon past experience.

However, we have undertaken to give as much of the detail as it is possible to do on the various features of it.

(The above-mentioned balance sheet appears on p. 30.)

The purpose of this measure can be rather simply stated, and that is the reason I desire to make a brief explanation before we start the question and answer method of procedure.

Briefly, this bill provides for an increase of the borrowing power and operative authority of this corporation from \$3,000,000,000 to \$5,000,000,000.

Section 2 has a provision that is slightly different, but nearly the same as in the year-to-year appropriation bill about the disposal of commodities at less than parity or comparable price, and this provides that where there is danger of loss or waste through spoilage in the stocks of any nonbasic perishable commodity owned or controlled by the Commodity Credit Corporation, the Corporation may sell or cause to be sold such stocks of such commodities below the parity or comparable price thereof and the Corporation shall, insofar as practicable, make such sales, or cause them to be made, in such manner as to increase the consumption of such commodity and to prevent the depression of the farm price of the commodity.

Senator TAFT. What is accomplished by that, as compared to the existing law?

Mr. JONES. There is not anything very different, except that under the existing law we had a provision that was largely limited to fresh fruits and vegetables, and we run, occasionally, into one of these commodities that does not fit in, and it has made it very difficult.

Senator TOBEY. You had that experience on eggs?

Mr. JONES. Yes.

Senator TOBEY. That was too bad.

Mr. JONES. It was. We have felt like any group would prefer to have any commodity flow into the channels of use rather than to be lost, so far as its usefulness was concerned.

Senator TAFT. What is it that prohibits your doing just that much without any such statute?

Mr. JONES. There is a provision in the appropriation act that has been put in there for years that provides no commodity owned or controlled by the Commodity Credit Corporation to be sold at less than parity, or the comparable price thereof.

There was, in the original provision, the only exception that where there was actual deterioration and loss by deterioration. Now, if you wait until that point is actually reached with perishable commodities, it is next to impossible to avoid some extra waste that is unnecessary.

Senator TAFT. Can you refer to the law to which you referred as having been amended?

Mr. JONES. The law on that is, as I recall, contained in two provisions. We have one in the appropriation act for the fiscal year 1945. Do you wish me to read that provision?

Senator TAFT. Does the War Food Administration provide in its appropriation for the Commodity Credit Corporation for that? It provides it in the form somewhat similar to this, does it not?

Mr. JONES. There is a provision in there, of course.

Senator TAFT. The Agricultural Appropriation Act?

Mr. JONES. It is provided by the act of June 28, 1944, Public, 367. It has the following paragraph here in this document. Do you wish the full paragraph read?

As I said to the Senator, this particular provision, as I stated before, forbids the sale of the farm commodities at less than parity, providing that the foregoing shall not apply to the sale or other disposition of any agricultural commodities substantially deteriorated in quality, or, in the case of perishable fruits and vegetables, if there is danger of deterioration, or of accumulation of stocks; then, it makes an exception on the sale of wheat for feed, which may be sold at not less than the parity price of corn.

Senator TAFT. It has always been covered by legislation in that appropriation?

Mr. JONES. Yes, it has been covered from time to time, and it has been put in each year for several years, in a little different form, but there is a limitation in each year I think for several years.

Senator TAFT. How many years?

Mr. JONES. I think for about 4 or 5 years.

Senator TAFT. Very well.

Mr. JONES. May I go ahead, and we will come back to the questioning later?

Senator TAFT. Yes.

Senator BANKHEAD. Proceed.

Mr. JONES. Section 3 suspends the limitation of 300,000 bales on the sale of cotton owned or controlled, and, with the amount that we have now, that limitation could, with the provision about paying parity, be, and it seemed to us that we certainly ought to have that limit raised during the period of this supporting price commitment.

Senator BUTLER. Does your statement go into the details of this, Judge, later?

Mr. JONES. Yes. I am expecting to come back and answer questions.

I wanted to give a general picture, if I might, and get it before the committee, and then I will be and am perfectly willing to undertake to answer questions. And if there are those here who are more familiar with the details who can answer them, I shall have them answer any questions and give you any information that may be desirable to be presented.

I might say that I have others here who are, in fact, more familiar with the details and in a position to answer such questions.

Turning now to section 4. We had some hesitancy, because of the provisions in the amendment in the Office of Price Administration Act, in order to avoid bringing the entire question up, I asked our attorneys and other attorneys as to just how broad the provision of section 2 (e) of the Office of Price Administration Act is, and they were not certain.

I do not think it was the intention at all to interfere with our support-price provision, and with the provisions that are necessary to get production.

Senator TAFT. I see your point.

Mr. JONES. I think the best way to try to make sure to put the proper limitation on is perhaps the way we have done it, but I do not know whether we have succeeded or not. If there is anything you desire to put in here which you think will accomplish it more satisfactorily, we are certainly desirous of working toward that end.

Senator TAFT. You have exempted the Commodity Credit Corporation on every subsidy they pay, from the provisions of this act passed by Congress last year after a long and serious debate.

Mr. JONES. Yes; we exempted all that has to do with the supporting prices.

Senator TAFT. And everything else, when you put in "in such manner as to increase the consumption of such commodity and to prevent the depression of the farm price of the commodity," that is the purpose of every subsidy?

Mr. JONES. I might state that the gentlemen pored over that and talked that over. I do not know how to just tie that down, and not tie it down too much, and I want to say to the Senator that I am not endeavoring to go beyond the field of proper action.

We will accept whatever limitations the committee may find, just as we have here, though it is a little difficult to get language that will do exactly what you want, and not permit additional activity.

And we are very anxious to have it done correctly. I was anxious in fact, I will state this, Senator, that I was anxious for the privilege of continuing the dairy subsidy commitment. I would like to go into that a little later.

Senator TAFT. I think the dairy subsidy program is an absolute example of something which ought to be provided for by Congress, and not left wide open.

Mr. JONES. What I had planned to do was to give you the general picture.

Senator TAFT. That is not a supporting price.

Mr. JONES. Perhaps that is not a supporting price, Senator, but it is a method of securing production.

Senator TAFT. Certainly.

Mr. JONES. I expected, because of this provision, and because of the attitude of the Congress as expressed by this, to explain, and I would like to make the statement now on that particular thing, that, and I would say quite frankly to this committee, that we would like to continue probably during the flush period of the second quarter, with somewhat lower rates applying therein, and stepping up again in the third quarter, going back to somewhere near the present basis in the fourth quarter with some variation to undertake to secure butter. We would like to do that on this statement that if the war in Europe should end we, of course, would want to reexamine the whole thing in the light of conditions that might then prevail.

But assuming that the war continued, we would like to ask this committee to permit us to continue its terms.

Senator TAFT. Mr. Chairman and gentlemen, I am not questioning any of the merits of the dairy subsidy.

My question is whether, when you are paying cash out of the Treasury, cash that is never coming back, it is right for us to authorize an over-all expenditure of the kind proposed, wherein we simply give \$2,000,000,000 and say that it can be used, all of it, perhaps for a dairy subsidy.

The purpose of the 1944 law was that you should come to Congress and ask for your various subsidies like any other agency, and not allow you \$2,000,000,000, if you please, for all kinds of purposes of fundamentally different character.

Mr. JONES. Of course, with the present price structure, if you are going to get production of dairy commodities, it is, of course, essential to have some provision.

We have not thought of doing other than as we indicated. However, I had anticipated that we would just let this particular thing which, as you may know, is a little variation from the support price, but it is geared to securing us the production of the commodity. And if it is desired that we not do it this way, the committee can make the change, or you can put a limitation on the thing.

Senator TAFT. I assume what you are all concerned about is that we not interfere with support of prices, when you expect and hope that you will sell the product purchased without loss.

That certainly is very easy to distinguish from the type of subsidy that you know is going to be given, a subsidy like the soybean where you buy and sell at a loss the next minute.

It certainly may be that we have not sufficiently distinguished in this amendment.

It seems to me that there is a perfectly definite distinction between a subsidy and a purchase when you hope to come out even, particularly when you have these prices fixed today by the O. P. A.

Mr. JONES. There is a difference. I concede that. It is difficult to secure language, and we do not insist on the particular language.

Senator TAFT. If we are to try to work out the language, of course some clarification is certainly possible.

Mr. JONES. The best language that could be worked out to permit us to do what we need to do, and won't give us leeway on the other, will suit us perfectly, if such language can be developed.

And I would like to ask for help in connection with this, because it is difficult.

May I say this to the Senator?

Senator TAFT. Yes.

Mr. JONES. While this is not a supporting price, it seems to me we have, at the same time, a price ceiling structure. I do not know whether it was started at the right place or not. There may be an argument about that. We have gone two-thirds of the way across the field, or at least part of the way. In order to get the dairy production it seems to me, if we start changing prices now, why, you might upset the procedure that has been going on at least fairly well. It is necessary, almost, to have this arrangement continued if we are to get proper dairy production.

Senator TAFT. I would like to read, at this point, just what this provision is which you are proposing to repeal:

After June 30, 1945, neither the Price Administration nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss

and thereby subsidizing directly or indirectly the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose; and appropriations for such purpose are hereby authorized to be made.

Mr. JONES. Yes.

Senator TAFT. I think it is a pretty clear thing. I think it does not apply to the ordinary support price, because it only applies where you buy for the purpose of selling at a loss, and thereby subsidizing, directly or indirectly, the sale of the commodity.

We tried to work out the language last year. If you have any suggestions as to changes so it is perfectly clear that you can buy where there is an expectation, that you can sell it without a loss, I am certainly willing to make any amendment to accomplish that result.

Mr. JONES. I will state, Senator, in reply to that, I had the lawyers go over this, and that was carefully considered by them. They tell me there is some doubt as to whether that possibly can be done, although they say possibly it could be done, but they are not certain.

And, Senator, to avoid going into the whole matter that caused Congress to give the consideration to it which it has in the past, we tried to get language that would make it clear that that would not be construed, that limitation, should not apply to the activities which would seem proper in connection with the Commodity Credit Corporation.

Senator TAFT. You are getting pretty far into the subsidy field, are you not? But that is not the question.

Mr. JONES. I think if I go ahead with my general explanation, Senator, it will cover a great many of these things.

Senator TAFT. It is a question of whether you come here, or whether you go to the Appropriations Committee and say, "We need for this purpose \$800,000,000;" it has gone when you pay it out, in any event.

Mr. JONES. Let me say to the Senator, I do not think that his objection and my objective are far apart; I think we are seeing very much along the same lines.

However, I think it is difficult, Senator, because we have some 200 commodities, more or less, on which there are supporting price activities of varying types.

To go and get a definite and specific appropriation each time as to all of those is pretty hard, because in order to proceed and make your definite showing would entail a great amount of work, and a great amount of time, because it has to be on an annual basis in many instances. The conditions vary considerably.

Senator TAFT. You made that showing to this committee twice. That is my recollection.

Mr. JONES. I know, but we make showings and give estimates. In making appropriations it seems to me that we might run into some difficulties. Of course, if that is the way the committee wishes it done, we wish to follow the desires of the committee.

Senator TAFT. This is the first time, as far as this particular committee is concerned, that it is being called upon to act in connection with appropriations, if such provisions as are hereby asked for should be authorized. It seems to me there must be some clarification as to these subsidies, if in one subsidy you want to pay out money for which you have no hope of return, and on another one you are paying out money in making purchases and in selling commodities on which you

do expect to receive a return. I do not think that is sufficiently clarified here.

However, let me say that this committee has gone 100 percent in authorizing assistance, and there is more authority now for the payment of subsidies than there ever has been in the past. The Appropriations Committee does not necessarily have to say so much for the milk subsidy, so much on soybeans, and so much for something else. They can give you a lump sum so far as I am concerned. It is up to them. So, you do not have to specify it and get exact appropriations for each commodity subsidy.

Mr. JONES. Might I say that the Senator is entirely correct; though, as a practical matter, they screen those pretty carefully, and it is a little difficult to proceed that way.

I will say to the Senator that I had no thought of getting full leeway authority here. I was trying to get language, and I will be glad to have our attorney, Mr. Shields, sit down, and if we can work out any language to permit this committee to do what this committee wants us to do, and then limit us to that activity, I will be glad to do it.

Senator BANKHEAD. Let me ask you a question now: What effect does the time element have in the matter of getting the appropriation? You get most of the food crops planted early in the spring, I assume?

Mr. JONES. Yes.

Senator BANKHEAD. The usual appropriation bills are not passed until that time has passed?

Mr. JONES. Yes.

Senator BANKHEAD. So that is important, as I understand it, that you announce as early as possible?

Mr. JONES. We have to announce, in fact, under the terms of the law, on most of these committees, before the planting season. We need to announce as early as possible, on an annual basis.

I have had some experience in securing appropriations. And it is difficult, and they properly screen carefully, and I had hoped, since Congress has permitted us to support prices, that is definite, to make clear how they want us to support these prices. That is the purpose of the language we have offered here, to carry out the will of Congress as we understand it. In fact, we tried to word it in such a way as to simply permit us to use these payments geared to production of agricultural commodities. You will notice that language there, I am sure.

Our attorneys were bothered about it, and we first left this provision out altogether, assuming we could go ahead. But it looked like we might run into trouble, and we sought, by simply clarifying this matter as to the limitation and making it clear that that did not apply to the things that we thought were desirable in connection with it, we might be able to avoid the general issue and not change, in the manifest purposes of the amendment, that that was not clearly set out as desirable. We will go into that further.

The next section has to do with the change in the method of appraisal and auditing which the Commodity—

Senator TAFT (interposing). What section are you referring to, if I may interrupt?

Mr. JONES. That is section No. 5. It changes the date and changes the method of valuation. That has all been gone over.

Senator BANKHEAD. I just want to ask you if this section is the same as the one included in last year's act?

Mr. JONES. I do not understand that it is word for word, although it may be. I rather think it is.

Senator TAFT. Why is it necessary to do it again, if that be the case?

Mr. JONES. It was in a vetoed bill.

Senator TAFT. Is it wise to change the date from March to June? I had the feeling that Congress should have before it this matter earlier in the year, and we usually appropriate on these things before recessing. I do not see the reason for putting it in June. I think the reason for putting it in March originally was that you got a lower inventory because you were in between the agricultural season, and we know what the loss is and the appropriation to make it up, and it can be made immediately before Congress gets away.

If you have to take the audit on the 30th of June, it will be fall before we get back, and we may never get back until the next year, and during all of that time the appropriation is not made.

It seems to me it is doubtful whether you should change the date from March to June.

Mr. JONES. The thing that prompted us to do that was the fact that the audit is made on a fiscal-year basis, and this was to make it consistent with that.

Senator TAFT. In March is better; I should think you would like to have it there and get your money before Congress leaves on the 1st of July, making up the deficit.

Mr. JONES. I would rather discuss that with these gentlemen, when we come back to it.

The next section simply extends the period of life of the Commodity Credit Corporation for a 2-year period.

I had some charts made up. Sometimes they enable us to present more readily the things that we know best. And it interested me, when I started going over the figures of the background of this whole situation. I think these charts help a great deal in understanding the entire thing. Therefore, I would like to take about 10 minutes of the committee's time going over some of the reasoning behind some of these charts, which Senator Tobey will remember we used some 20 years ago in the House.

The purpose of the charts and supporting statistics which follow is to show why additional borrowing power for the Commodity Credit Corporation should be made available to fulfill wartime price support commitment to farmers. The following pages will review—

First, action taken by Congress to support farm prices.

Second, price-supporting operations of War Food Administration under programs authorized by Congress.

Third, the effects of support prices on farm production, farm income, and retail prices.

Fourth, the importance of adequate funds to support prices effective when war demands decline.

Congress voted to support farm prices on basic crops.

In 1933 the Commodity Credit Corporation was created to make loans to farmers.

In 1935 Congress continued to use all Commodity Credit Corporation resources for loans on agricultural commodities.

In 1937 Congress made loans mandatory at rates from 52 percent to 75 percent of parity on basic crops; that is, cotton, corn, and wheat.

In 1941 Congress raised the loan rate to 85 percent of parity and added tobacco, rice, and peanuts as basic crops.

In 1942 Congress extended loans on basic crops for 2 years after the war, at 90 percent of parity.

In 1944 Congress increased the loan rate on cotton, first, to 92½ percent and then to 95 percent of parity.

Senator BANKHEAD. You might recall that in connection with the 95 percent that was only for the crop year 1944.

Mr. JONES. I am glad the Senator called my attention to that. That was limited to the 1944 crop of cotton.

Congress voted to support farm prices for wartime expansion.

In 1941 the Steagall amendment directed price support at not less than 85 percent of parity on nonbasic commodities for which wartime expansion of production was requested by official proclamation.

Congress also directed a fair parity relationship for all other nonbasic commodities.

In 1942 Congress increased the support level for "Steagall commodities" to not less than 90 percent of parity and extended such supports until 2 years after the January 1 following the end of the year.

The 90 percent of parity level for Steagall commodities is a minimum rate and is mandatory.

As directed by Congress, the War Food Administration is making loans, purchases, or payments to support the prices of wheat, corn, cotton, rice, tobacco, peanuts, soybeans, flaxseed, dry edible beans, dry field peas, potatoes, cured sweetpotatoes, hogs, milk and butterfat, eggs, sugar beets, Louisiana and Florida sugarcane, rye, barley, grain sorghums, vegetables for canning, fresh vegetables, dried fruits, winter cover-crop seeds, hay and pasture seeds, naval stores.

I might give you an example of the price-support operation as shown on the two charts which follow; we just picked out one or two of the commodities.

Take soybeans. Soybean prices have been supported by loans and purchases. The Commodity Credit Corporation bought at support levels 1943 and 1944 crops for crushing.

The support prices in 1942 on soybeans were \$1.60, in 1943 they were \$1.80, and in 1944 they were \$2.04. These figures are given in prices per bushel; that is, \$1.60 a bushel, \$1.80 a bushel, and \$2.04 a bushel.

Farmers responded by increasing wartime production nearly four times pre-war.

Senator TOBEY. How do you account for the drop in the price in 1944, after you got this sharp rise?

Mr. JONES. Referring, as I take it the Senator is, to production, the 1932-41 average was 52,000,000 bushels. The 1942 average was 187—these are given in million bushels—in 1943 it was 196, and in 1944 it was 194.

I take it the Senator's question is as to why there was a drop from 196 in 1943 to 194 in 1944, whereas in 1943 the price was \$1.80, and in 1944 it was \$2.04, an increase of 24 cents?

Senator TOBEY. That is right.

Mr. JONES. The weather conditions were such that the yields were a little better in 1943, in the major part of the area, than in 1944.

The planting was, as I recall it, a little larger in 1944, so the response was the same; and, as you know, that is one of the elements of uncertainty we must always face on the farmer basis.

Senator TAFT. Do you want to be asked about the subsidy in connection with these, at the time, or do you want to come back to them later on?

Mr. JONES. Just as you prefer.

Senator TAFT. You bought it at \$2.04 in 1944?

Mr. JONES. Yes.

Senator TAFT. What did you sell it to the mill for?

Mr. JONES. The sale to the mills varies. As I recall, it ran something from \$1.70 to \$1.90.

Mr. FARRINGTON. \$1.70 and \$1.90. Between those.

Mr. JONES. I might say that before I get through this, Senator, that I shall call upon Mr. Farrington, and Colonel Olmsted, and former Congressman Frank Hancock, who is President of the Commodity Credit Corporation. He will make a brief statement, and these gentlemen will explain in detail—men who have had the operative part of the program; and it might be simpler to keep questions of that kind for them, because they will be able to answer you more directly.

Senator TAFT. In regard to soybeans, you say that you sold them at 170 to 180 or 190. Do you know what the total subsidy has been in the year 1944?

Mr. JONES. I have those figures. I will have to look through here to find them. It runs about 30 cents a bushel.

Senator TAFT. What was the total amount in dollars, if you have it?

Mr. JONES. About \$42,000,000, in total.

Senator TAFT. About \$42,000,000 spent in 1944 in subsidies for soybean production?

Mr. JONES. Yes; and it has been a very valuable production, especially in view of the increased livestock production and poultry production and the great demand for feed that we had during that period of time—protein feed.

Senator TAFT. However, except for the O. P. A. control on retail prices of feed and soybeans, wholesale prices, there would have been no difficulty whatever in reselling it to the mills for 204?

Mr. JONES. I assume that that is so, but that goes into a very broad question there.

Senator TAFT. My only point was that the necessity for the subsidy is brought about not only by the need for increased production, but by the fact that we are holding down the retail price, instead of allowing it a natural increase. In other words, if those two factors had not been in there, we would face a different situation, but those two factors have resulted in the subsidy.

In the case of soybeans I feel confident, for instance, that the price, if let alone, would have been more than sufficient to reimburse the Government for the 204.

Mr. JONES. That is undoubtedly true. Of course, that goes into the broad question of where are you going to fix the price line and how tightly you are going to hold and whether or not permitting one commodity to get out of line might not break the whole thing. That is a pretty broad subject, and we might discuss it all day.

Senator TAFT. The point I wanted to make was that the purpose of the subsidy is twofold—it is to increase production; and secondly, to give the farmer more money without an increase in the retail price.

Mr. JONES. Yes.

Senator TAFT. No single subsidy is for any one purpose, but it is chiefly to cut down the margin between the producer and the consumer? Isn't that the purpose of the subsidy program, among other things? Would you not say that was one of the principal purposes?

Mr. JONES. That goes into another question immediately. That is one of the principal reasons, I suppose. It is not the only single reason, nor is it the reason in certain cases.

Of course, there are some of the subsidies that have the primary purpose of holding down or even reducing the price to the consumer. Some subsidies were used by another agency to actually reduce the price to consumers. The purpose of our subsidies that we have in operation and in contemplation is to secure production.

Now, that is the framework being governed by the freeze order and stabilization directive, and wherever it is necessary to get a production to inaugurate a subsidy, we have, when the need was vital, not hesitated to do so. Each case has been given the most careful consideration.

Now, that is linked and tied to a stabilization element.

While I do not absolutely know, I think that would be a very doubtful question as where the line should have been held and whether it may not have been wiser to have had a little different one. But we have gotten so far on and we are all so intertwined on these things, they are all so geared together, that it rather seems to me that a continuation on the present basis would be better than to attempt an adjustment.

Senator TAFT. I was only trying to point out the situation as it exists. I have always been unable to distinguish between a subsidy to increase production and one to hold down prices. It may be that it will increase the farmer's prices or increase the consumers' prices, but in its ultimate nature the purpose of any subsidy is twofold: It is to keep the farmer's prices up, while, second, keeping the consumers' prices down, and reducing the margin between them.

Mr. JONES. It might.

Senator TAFT. I do not see how any subsidy can be said to be one for the farmer and one for the consumer, when it inevitably affects both.

Mr. JONES. No; I do not think that is always true. We have frequently had instances where you have possibly both results; however, it may be necessary in some commodities to have a support price to pay for some losses, and still be below the ceiling price.

Senator TAFT. Certainly; we have no doubt about that.

Mr. JONES. Our whole purpose in subsidy is a support price.

Now, to get the necessary ceiling price as fixed, naturally there will be some loss, and that subsidy will have an effect in giving increased production, and at the same time, in effecting the ceiling price.

Senator TAFT. If we decide 204 is what the farmer should get in order to have the production, you have two alternatives.

You may then through a subsidy assume to increase the price to the farmer, and at the same time not increase the price to the consumer.

In connection with the subsidy on milk, there was quite a discussion as to whether the Government should increase the price to the consumer or pay a subsidy.

Mr. JONES. That is right. I recall that.

Senator TAFT. So the milk subsidy, clearly, was to keep the price down to the consumer, keep the price to the consumer from going up, and at the same time you gave the farmer what you thought was necessary for his production, and a fair price to him.

I cannot understand under the price-control system, where there is a subsidy, that it does not have both purposes, or effect both purposes.

Mr. JONES. On milk the base price had already been fixed. It was fixed there.

We wanted to get a certain production. That subsidy was paid so that we could get that production. That is the reason we paid that subsidy.

Senator TAFT. Had you increased the price to the consumer you could have achieved the same results?

Mr. JONES. We could have increased the price to the consumer, that is true.

Senator TAFT. The Government could.

Mr. JONES. That is so. I am interpreting the Government as a whole—they could have done that. But as a matter of fact the prime purpose of ordering that subsidy in and putting that subsidy in from the standpoint of the Commodity Credit Corporation was to secure production.

Now, incidentally, it had the purpose, and I think the major function of it, however, since that was established, and what we were trying to achieve by reason of it, was to get the production of milk up.

Of course, it has the other effect.

Senator TAFT. Increasing the price to the consumer, that was the real battle and I think that every farm organization that appeared here, they preferred to increase the price to the consumer. They may have been right or wrong. I do not want to argue that.

Nevertheless, the purpose of the subsidy was to keep from increasing the price to the consumer and get production at the same time?

Mr. JONES. That is true, and as I said, the debatable nature of whether or not one or the other would be adequate, I pause to say, as I said before, that we are in the full tilt of battle now, and we feel that we should go ahead, and we feel further, that since we have reached the stage of an all-out struggle clear across the world, and production is so vital, that it would be better to go ahead now with whatever program we have, and I believe you will agree.

Senator TAFT. I do not think you could discontinue the subsidy now.

Mr. JONES. I do not either.

Senator TAFT. Thank you.

Mr. JONES. Turning now to wheat:

Wheat prices are supported by both loans and purchases.

In 1944 Commodity Credit Corporation loans were made on 167,000,000 bushels of wheat and Commodity Credit Corporation also purchased 219,000,000 bushels.

Commodity Credit Corporation will buy 1944 loan wheat which is unredeemed by the end of the season at parity prices less carrying charges.

Of course, much of that wheat was sold for feed during the period when there was a feed shortage. I just used that as an illustration of the method.

Senator BUTLER. In that connection could you give us an idea as to the result of the merchandising of soybean and wheat which have been used in your illustration of the subsidy price? Did the Government become the principal purchaser, or the one exclusive purchaser?

Mr. JONES. On some commodities the Government becomes the principal purchaser.

In the case of wool we purchased all of that commodity.

And in most instances we simply make provision whereby the matter was handled, such as in the feed wheat, we bought that outright, as I recall, and if I am not correct, I wish some of these gentlemen who handled it would correct me.

Senator BUTLER. Could you give us some facts on that?

Mr. FARRINGTON. Of the 1944 crop, less than 3,000,000 bushels was purchased direct out of some 150,000,000, that moved commercially. We also purchased 1,000,000 from terminal elevators. The remainder has been purchased through the usual trade channels by processors in the usual way, so that we handled directly about 2 percent of the soybean crop.

Senator TAFT. The so-called millers of soybeans that are brought to the mill, do you have a man there at all, at that stage?

Mr. JONES. No.

Senator TAFT. They just let you know as to the quantity and you take care of it at \$2.04, and they certify to you what they paid for it and you send them a check for the difference?

Mr. FARRINGTON. The usual procedure is that the farmer brings the soybeans to the local elevator, and he sells them to the processor, and certifies that he paid \$2.04 or more to the farmer.

The processor, after he accumulates it in storage, invoices them to us, and we sell them back either immediately or later. Sometimes we send them a check for the whole thing, or a check for the difference. It depends on which way they are handled. Either they sell them all to us, and we hold them and finance them for a while, or we may handle them by having them invoice them to us, and immediately we invoice them back to them, and in connection with that we pay them the difference.

Senator TAFT. Would that particular figure be in addition to the 3,000,000?

Mr. FARRINGTON. Yes.

Senator BUTLER. Including your last operation, you really handled practically all the crop?

Mr. FARRINGTON. Nearly all of it moved through our hands, but some of it was on processor purchase and sale arrangements.

Senator TAFT. The greater part of it?

Mr. JONES. I think the greater part of it did.

Senator TOBEY. Are soybeans traded on the Chicago Board of Trade?

Mr. JONES. There has been no futures trading in soybeans for the last 2 years. The farmers produced record amounts in each war year; 1944 farm production is one-third above the pre-war 1935-39 average. In contrast, 1918 farm production was less than one-tenth above the 1910-14 average.

Here is the chart which shows during this war the rate at which farm production increased. This is a sort of weighted average of various farm commodities. You notice how much the production increased, and in what rate, about 130 percent, winding up at about 136 percent.

In the last war it increased very, very much smaller in size and amount even during the war period, and they did not have the supporting price. This indicates the result of the support price activity and the wisdom of Congress in making provision for it.

Senator TAFT. You would not maintain that this was the result of the support price activity—I mean support price activity taken in 1942—the amount of increase was due alone to that?

Mr. JONES. The other prices went up before that. Their prices certainly went up. Referring to the support price activities, I think it has a decided effect, because it is an assurance of price, and the farmer will go ahead because he knows what he is going to get.

Senator TAFT. You started out in 1910–14, and that is the ideal thing on which to operate as a base, whereas in 1935–39 you had a very subnormal farm price, according to figures, is that not right?

Mr. JONES. Senator, it was below the parity figures, but I would hardly regard it as particularly subnormal. However, there were support prices even to be found back under those years.

And as you know, because you represent a great farm State, the farmer needs to know what sort of an assurance he has as to price before he starts to plant crops. It is a great help to him to know that.

Senator TAFT. I agree entirely; I only suggest that the figures from 1942 to 1944 would show more accurately the increase brought about.

Mr. JONES. As I said before, those are not the only figures, and we had support prices before then. We had support prices way back as early as 1934; in fact, we began to have support prices, and it broadened out and the figures as to support prices really began prior to 1935–39 period, and operated, of course, during this period of time.

Your comment is correct; probably they are not completely parallel; but I think if you will go into it further—and I certainly will go into it a little further in detail during a later part of the hearing—you will find on those commodities on which we had support prices we have had greater production and that they have increased less in price than some of the nonsupported prices, showing that it works both ways.

Senator MURDOCK. You stated that the price for 1935–39 was subnormal, that set of prices?

Mr. JONES. They are below the average; they were not below the actual prices of 1910–14, but they were below, as related to other prices. They were not high enough. I will agree with my friend from Maryland on that score.

Here is an important and very interesting chart of the so-called Steagall commodities—those for which wartime increases were asked along with assurance of price support have shown more production even with slightly lower prices than other commodities.

As I say, these are the “Steagall commodities” and you will notice the production of Steagall commodities went up more than the production of non-Steagall commodities, the ones on which announcement was not made. Yet, on the Steagall commodities, while the price increased, it did not increase as much. In other words, when a farmer can be given assurance the first of the year that he can have

a certain price, he can go along and make his plans and make his production, and yet, apparently, the whole country is better off than if we did not have the provision. I think that is a good thing.

Senator BUTLER. Mr. Jones, I was going to make the remark, the better adapted the program, the more assurance he has, but the moment is going to come when those rules will have to be changed.

Mr. JONES. I agree with the Senator. The farmer not only needs to know in advance, he needs to avoid the threat of continuing change. I can see that is an important element in the make-up. I know I have heard my father say many times he would much rather know at the time he planted his crop he was going to get a certain price than to take a chance on a higher price, and probably disaster, and he had more confidence.

Senator BUTLER. May I ask this question, which may not be quite relevant, but it relates to this matter, and I think it is important: The farmer has done splendidly in the production of commodities the Government wanted in this war. It is definitely the assurance of a living price. Now you published a season in advance what that program is going to be?

Mr. JONES. Yes, sir.

Senator BUTLER. But that has not been true in the production of meat. I am anxious to see some such assured program in that respect.

Mr. JONES. We have a somewhat similar program on hogs. Beef has been a very difficult problem, as you know, because of grading. There are so many different grades, and the difficulty of telling just what the grade is—as you know, coming from a livestock country—looking at an animal, you cannot tell for certain before the hide is taken off what it is going to grade. It may look pretty good. It is a very difficult problem, but the difficulty goes not only to the ceiling but the support price. Everybody realizes that, and they have undertaken to work out a program, but I would rather not go into the full merits of that.

Senator BUTLER. I would like for the record to show at least you are a little methodical with a man producing beeves, as well as the man growing grain.

Mr. JONES. I have urged at all times that we be pretty definite on the way the program is going to be handled and not be talking too much about it all the time, and I thoroughly agree with your statement that we should not have the sword of Damocles hanging over us in the form of continuing changes, and I hope the program will succeed.

Senator BUTLER. After you have announced the price on cotton, corn, and wheat, you have not changed it.

Senator TOBEY. Is it not possible after all this production that the buyer would know?

Mr. JONES. It is not possible at all to be certain of the grade of cattle. I have seen men marketing 25 years. Of course, they can make a decision better because when they have had experience, and it will average up—men who have had past experience can do much better than others; but when you go to try to apply a rule-of-thumb method to the small purchasers, the buyer is very much handicapped. He cannot have the advantage of expert buying the other man has. I will say that for the livestock representatives.

On the question of supporting price, you cannot very well argue for a support price unless you are willing to agree to the ceiling price. If you can have one you can have the other, so the thing was rather tied up in a stalemate, and finally the present program was worked out, which has certain advantages and has so many less objectionable features than the original proposition that I certainly would like to see it given a chance for a while at least a chance to succeed in the best form possible.

Senator TAFT. Mr. Jones, the confidence in the result was somewhat shaken by the experience in eggs. I don't know whether eggs had a supporting price, but the farmer got that idea, certainly.

Mr. JONES. We did have a support price on eggs. It was quite a problem, but, as a matter of fact, it has worked out very well. Colonel Olmstead handled that, and I would like for you to give him an opportunity to tell the whole story.

Senator TAFT. They often received a very low price.

Mr. JONES. They had a support price on a graded basis, and finally, to keep some of those who wanted to take advantage of the situation from doing so, we finally got a candled-egg minimum that we used as a further cushion, and I think it worked out pretty well. I can say we did not start that soon enough, because we were using the support price on graded eggs, and a great many farmers did not use the grading method.

Senator TAFT. I do not know anything about it, except the complaints I have had.

Mr. JONES. It was just one of those things that was not handled to perfection. I felt pretty well satisfied that, everything considered, the problem has been handled well. There came a time when 1,400 cars of eggs were tendered to us on the railroad tracks, and storage places were not available, and no one willing to buy them. That is one of the extreme cases.

Senator TOBEY. Why do you not put them into egg powder?

Mr. JONES. We were running the egg powder plant 24 hours a day and had the frozen-egg facilities full up. To me it is an interesting story, and it is a story that some of those who resented the fact that they were not permitted to buy these at 10 or 15 cents a dozen and sell at a higher price.

Senator TAFT. My protests were on behalf of the small producer. The fellow that raised the chickens and eggs did not get the price promised.

Mr. JONES. He probably got a much better deal than he would have gotten without this support price, and the consumer had the break.

I had a very prominent man in New York write me: "Why don't you let eggs be sold at any old price?" If you do that you have the alternative of two courses. If you bought eggs and sold them at less than the supporting price you would have to buy them all. If you let the eggs go at any price they wanted to pay, then you would have to settle with five or six million farmers, which would be impossible. About the only way was to have a support price, which we figured out, and I think did a pretty good job.

I told this gentleman, "If you go back to the 1918 period"—and this was in December—"you will find the consumer really gets a break,

because eggs sold in New York at that time at \$1.01, whereas they are selling now at 65 and 70 cents a dozen. I can say we have done a pretty good job.

Senator TAFT. They were just experimenting in the World War. Today it is important that we have a supporting price, and the people feel you are going to keep your promise.

Senator BANKHEAD (interposing). On that point, would you make a statement on the guaranteed price for hogs? I heard a great deal of complaint about it not being carried out.

Mr. JONES. There is a long story and explanation, but I will undertake briefly to state what that situation was. In that year, I believe 1943 and some in 1944, we had the greatest hog production we have ever had, 12,000,000 hogs. There could be a very serious feed problem, and we tried to bring in feed from everywhere. You recall that. Then there got to be a lot of rumors about the change in the ceiling price in view of the great production, and a lot of hog producers got panicky and swamped the market. There was one day they had 180,000, and they had to ask the purchasers to request the producers to get in touch with the terminal agency people and arrange time shipments. But you can well understand the difficulty of doing that.

Now, during all that period we were supporting the price by the purchase of meats. We purchased for Lend-Lease and we arranged other purchasing. The Army did the purchasing for the most part, but we arranged other purchases in such a way that they paid the price that would reflect the support price.

In that rush there was some that sold at less than the support price, but it did not go as much below as it might have. We did everything that was practicable to hold it, and, fortunately, when we got them cooperating with us—they did not at first. Some of them never did, and of course they took advantage of this overweighted market; but, all in all, the prices did not for a long period get below the support level.

We could not buy the hogs. We gave packers assurances in statement after statement that we were going to buy this meat at the price and told them they would get the price if they would cooperate and help, and we worked that out with them.

Senator TOBEY. With reference to this egg situation you spoke of in New York, did you finally convince the "Little Flower"?

Mr. JONES. I did not get any answer. He is a very active man and very much interested, and I have always found him reasonable when the facts are placed before him.

Senator THOMAS of Idaho. You have a tremendous loss.

Mr. JONES. I do not think so.

Senator THOMAS of Idaho. The investigation made by the committee showed you had a terrific loss.

Mr. JONES. I do not think that is correct. I would like to have my associates go into that question. I do not think there was any great loss.

Senator THOMAS of Idaho. There has been a terrific loss.

Mr. JONES. You mean loss by spoilage?

Senator THOMAS of Idaho. By spoilage. I investigated the whole thing for the committee. We would certainly like to have it. It is all in the record.

Mr. JONES. It has not come to my attention there is any big loss of meats, and I will have that gone into. The record production gave more food for civilians than pre-war and more food each year for our fighting men and allies. It was 125 percent above the 1935-39 level.

As you will notice, civilians in this country—the dark part of the map shows, on the whole, the civilians have done more, all the way from 40 to 44 percent. It begins to increase. They have eaten better than before, and the armed forces' percentage, and this, together with the small exports, consists of about 25 percent of the food production.

Our record production greatly increased the farmer's income. In 1939 the average income was \$173, after the payment of taxes and actual operating costs but not living expenses. The income of the average man was \$548 per year and, leaving out the farmers, the average man in 1939 would be \$650.

In 1943 the farmer's income was \$513, and the average man's went up to \$1,089.

Senator RADCLIFFE. In those figures is there any allowance made for the labor of the farmer or of members of his family?

Mr. JONES. The Bureau of Agricultural Economics prepared these figures. I assume that was included in the operating costs.

Senator TAFT. These figures were prepared by the Bureau of Agricultural Economics?

Mr. JONES. Yes; and some of them are based on information furnished by the Bureau of Labor Statistics, but practically all of them are Bureau of Agricultural Economics figures.

Senator TAFT. Do they agree with the Labor Department?

Mr. DAVIS. Not in all cases.

Senator TAFT. Is the farmer credited with that?

Mr. JONES. The farmer has certain advantages, but I still think the income on that basis is less than it should be.

Record production made food price control possible. You will note it went up to 180 and the production remained only slightly above the previous period. The retail prices went all out of line during the other war and this time in this war the production has gone up in greater amount, and the retail prices have been kept somewhat in line, so we get a greater production in this war.

In the last war prices soared, while in this war prices failed to increase much, and in this war they were stabilized from 1943 also.

I present that to show the vital part that production plays in any price control or stabilizing program. And that shows how vital production is to the question of maintenance of any stabilized price line, whatever that line may be and regardless of where it should be.

Senator TAFT. What do you think the effect of that will be, increased production or will there be a deficiency of farm labor?

Mr. JONES. In discussing the labor law it makes it more difficult. Of course the manpower question is there, and the taking of labor from plants like these plants and other plants, I do not undertake to minimize at all the serious features of taking additional people away from the farm. We have to feed the Army, and the War Production Board has to determine the relative needs and wisdom of that phase of the program.

Senator TOBEY. The home problem is more important than the war problem?

Mr. JONES. It is pretty important. I have insisted all along that I was perfectly willing to have the drafting of farm workers determined in accordance with the Tydings amendment, that anybody, if they are making a real contribution, if they are working within the terms of the Tydings amendment, I believe that no one is in better position than the local boards to determine that question.

I have said in the beginning it should be left largely to them, and if a man comes under that amendment——

Senator RADCLIFFE (interposing). It is my impression the importation of farm labor worked out often very satisfactorily. Is there any opportunity of obtaining an increase in the supply of labor?

Mr. JONES. We have brought in round numbers about 62,000 from Mexico, about 3,000 from the Bahamas, and 16,000 from Jamaica.

One complicated factor is that the order tried to bring in some 20,000 for the war plants, and they have some hopes of getting some additional help. It is a little difficult to say whether we are going to succeed. Then we may get a little more assistance from war prisoners and some help from the Army, or use of the armed forces.

Senator BANKHEAD. In reference to the question, so far as the farmers are concerned, I want to call your attention to the fact the Tydings amendment, if supported, would be the answer. As a matter of fact, it did not work at all. The qualification was so high the hiring of farmers was excluded.

Mr. JONES. As you know from your own experience, Senator, administration is as important as the legislation, and those who are administering the law have a great responsibility.

I am a firm believer in the principles of free government. I believe that local people know who is trying to take advantage of the situation, and I would rather leave it to them.

However, the responsibility for that law is in the Selective Service organization. I appreciate, though, what you say, is the fault of the law. I was not qualifying the Tydings amendment. If I have made an incorrect statement I did not mean to leave that impression. I said I thought the Tydings amendment was well taken. I think it is about right, if a man is running out and using this as sort of a haven——

Senator BANKHEAD (interposing). He probably is.

Senator TOBEY. The difficulty is how it happened. It may be impossible for half the cotton farmers to get it at all.

Mr. JONES. I say, however, again, they were operating——

Senator BANKHEAD (interposing). If the results of it——

Mr. JONES (interposing). Here is a chart I wish to call to your attention. It shows what happens to price control when there is a big demand for anything. If there is a shortage of production, prices go up. For example, this shows how prices for hay went above the legal ceiling price this fall as a result of the short hay crop brought about by the drought.

Senator BUTLER. You spoke before of meat, beef, those people can eat.

Mr. JONES. One of the chief handicaps sometimes has been the fact of the manpower shortage. We need to slaughter some 37,000,000. It will not be possible to kill that many.

Senator BUTLER. I see.

Mr. JONES. Record production made food price control possible.
Senator BUTLER. How are they going to get the increase?

Mr. JONES. Instead of holding regional meetings last year as well as the year before with the farmers we met with the farmers in every State and in every agricultural county of the United States. You will notice farm prices were higher during the war, and about a year after the war. In some instances prosperity declined and they went down from a very high figure to a moderately low figure.

Now, at this time prices have gone up. Prices break through ceilings if production is not high enough. The question now is what is going to happen. The time will come, and we think the Congress has very early provided for some support prices and control after the war to avoid a repetition of that experience.

Senator TAFT. Do you feel as a general question the price policy after the war—

Mr. JONES. I do not speak for the wages, but how can you separate it, and I think it tremendously important that we keep these prices of farm production, farm products reasonably close to the present level, especially if other prices are maintained.

The parity formula automatically adjusted itself to the other prices, and if other prices remain up I think agriculture should remain up.

Senator TAFT. I wanted to get your general view. Should the administration policy be to try to maintain present prices or somewhat close to them, rather than to let them go back to the pre-war level?

Mr. JONES. I think it is desirable to keep them up somewhat. I have no doubt, and I think Congress has no doubt the thing is basic and starts back there, and it is absolutely essential, if we are to have continued prosperity, to keep the prices at a reasonable level.

Senator TAFT. You do not mean to say you have got to retain this subsidy program?

Mr. JONES. I think all subsidy programs that are in effect, it might be well to continue it during the war period. After the war I should like to see subsidies stopped at the earliest possible date, but that is just a personal viewpoint.

Senator TAFT. You would have let consumers' prices go up or producers' prices go down.

Mr. JONES. That is a thing I would rather not undertake to pass on. I know Justice Byrnes made a statement to the public some time ago that he hoped after the war the subsidies could be done away with. I would rather you called Justice Vinson or Justice Byrnes. I will say this, I think the future welfare of the country depends on it.

Senator TAFT. We have more or less adopted the theory that wheat and cotton were a special service, but I have not heard anyone suggest that the other subsidies in the commodity field should be continued indefinitely.

Mr. JONES. I think they should be continued for the war period. The question whether they are to continue after that is a matter for Congress to determine.

Senator TAFT. It seems important that the Administration as a whole should decide now whether they will try to maintain the present price and wage level after the war—

Mr. JONES. Nearly every time people attempted to forecast future conditions they were not able to do so, especially in time of war.

Senator TAFT. I believe the administration after the last war adopted a policy of deflation. Their general policy seemed to be to get back to the normal price level.

Mr. JONES. In this case with the commodities under the jurisdiction of myself and those working with me, as far as that is concerned, that matter has already been determined by the granting, and I think wisely, of a support price for 2 years after the war at a certain figure. I stand on that.

Senator TAFT. Congress only indicated this policy for the interim period, but the administration will have to take the initiative in an over-all permanent policy. What do you think that policy should be?

Mr. JONES. I do not know that I can give a "yes" or "no" answer to that. We can keep a full production of farm products and fall short of manufactured articles, and that will also be wrong. I do not believe any effort should be made to reduce any particular thing if we can maintain an economy of high production and full use, extending production and extending use and full wages just as much as possible.

Senator TAFT. Did you have a 95-percent loan on cotton?

Mr. JONES. I understand it only applied to the 1944 crop.

Senator BANKHEAD. Did you take care of the farmers under the law?

Mr. JONES. Yes.

Senator BANKHEAD. I am talking about the production, how it will run. Even with 95 percent the acreage was not changed.

Mr. JONES. Here is an interesting phase of that. Two-thirds of the cotton by weight is in the seed and we have a serious problem in fats and oils, and the seed is used for oil. Not a pound is wasted. There is a pretty serious question of production there.

I feel in the long run it is easier to have a support price somewhat below ceiling so as to interfere with it as little as possible, but I think it should be high enough to give a reasonable return to the farmer.

In the crash that followed the last war farm prices dropped 25 percent below parity. The blue on this chart shows the farm prices above parity during the last war. The red shows prices below parity between the 2 wars.

Summing up, to date price supports voted by Congress have stimulated wartime production, have increased the farmer's return, and have made food price control possible.

Senator RADCLIFFE. Do you contemplate making those charts available to the committee?

Mr. JONES. I will be very glad to do that. I have a statement of the program which I am rather inclined to think should be submitted.

I also have a statement with reference to estimate of increased borrowing authority required. There will come a time probably the latter part of this year when the amount of the loan will run somewhat higher. I have a statement and I will be glad to furnish the members copies. It shows a basis for the increase requested in the borrowing authority of the Commodity Credit Corporation.

(The statement "Estimate of increased borrowing authority required" follows:)

WAR FOOD ADMINISTRATION
COMMODITY CREDIT CORPORATION
Estimate of increased borrowing authority required

Programs	I. Estimated net obligations for loans, purchases, and expenditures Nov. 1, 1944 to Dec. 31, 1945	II. Estimated net additional obligations for period after V-E day
Barley, rye, and grain sorghums	\$16,845,000	
Beans and peas, dry edible	6,336,000	\$47,000,000
Cheese	18,600,000	
Corn	55,500,000	75,000,000
Cotton	331,200,000	30,000,000
Cotton, Egyptian	(15,270,000)	
Commodity export	75,000,000	
Dairy products	20,000,000	80,000,000
Dairy production	526,000,000	
Eggs	13,000,000	273,900,000
Fats and oils, foreign	(4,800,000)	
Fluid milk	14,000,000	
Fruits for processing	34,300,000	
General commodities purchase	(136,685,000)	(100,000,000)
Gun naval stores	(1,000,000)	10,000,000
Hay and pasture seeds	14,886,000	13,000,000
Hemp and milkweed floss	10,066,000	
Pork products		50,000,000
Oilseeds and products	295,100,000	
Peanut butter	15,000,000	
Irish potatoes	59,500,000	63,900,000
Sweetpotatoes	7,500,000	3,000,000
Rice		30,000,000
Shortening	1,500,000	
Sugar	63,000,000	
Tobacco	86,500,000	
Vegetables for processing	39,700,000	
Wheat	371,000,000	175,000,000
Wool	87,000,000	160,000,000
Carrying charges and operating expenses	125,000,000	
Reserve for other programs	50,000,000	
Total	2,178,778,000	910,800,000
Total estimated net obligations:		
Nov. 1, 1944, to Dec. 31, 1945	2,178,778,000	
12 months after V-E day	910,800,000	3,089,578,000
Less estimated funds available:		
Cash Oct. 31, 1944	21,448,000	
Available borrowing power Oct. 31, 1944	811,365,000	
Appropriation pending	256,765,000	1,089,578,000
Total increase in borrowing authority required		2,000,000,000

Figures in parenthesis indicate credits.

Mr. JONES. I think it is wise to have provision made. I am perfectly willing to have it safeguarded. I certainly do not want any Government money spent that is not an essential part of the program. But a large part of that production is of perishable nature. When he gets on the assembly line you cannot wait to secure your portion because you will have a tremendous amount of spoilage if you do.

As a matter of fact there is considerable spoilage in perishable foods in the regular channels of the country, and I think you will find, referring to the egg program, the spoilage of eggs is not more than, and probably less than, usual in the commercial channels of the country.

It seems to me that we have to depend upon making our showing for an appropriation, and we get back to the question of having a Commodity Credit Corporation set-up, and it has proved very helpful in securing the production, and I am perfectly willing to have any reasonable limitation. I would like for Senator Taft or any of you to work out something if you want to make an exception.

Senator TAFT. I do not see why you should not go to the Appropriations Committee like every other department of the Government. Here is \$526,000,000 for dairy production. How does that differ from any other appropriation? Why should it not be appropriated by the Appropriations Committee? Why should it not go into the Budget?

I was disappointed the President deliberately left these out of the Budget.

Mr. JONES. Senator, let me say this, that provisions have been made for supporting industry on a far more extensive scale than this. The Reconstruction Finance Corporation began supporting industry before the Commodity Credit Corporation. You could say the same thing about them. As a matter of fact by having this authority and by guaranteeing the loan and by protecting these local banks, just like the other agencies of the Government, we are able to function with less outlay. We have a capital stock of \$100,000,000 with a borrowing power of \$3,000,000,000. Industry did the same thing. They could do the same thing.

Senator TAFT. Now, may I make a statement about industry?

Mr. JONES. Yes.

Senator TAFT. There is absolutely no distinction made between industry and farm products. The Reconstruction Finance Corporation is subject to this just as you are. The Reconstruction Finance Corporation, anything on which they expect to take a loss they have to come down and get an appropriation for it, and they are not allowed to make any exception.

Mr. JONES. I want to say this: In making suggestions for the change, one of the organizations that is primarily interested in the dairy industry, wanted not only to have the provision in the bill for that, but said I should make a statement—

Senator TAFT (interposing). The point is why you should not go to the Appropriations Committee? We have authorized it.

Mr. JONES. If this committee thinks it is wise for us to take that course of action, the committee may make that change, but it seems to me that since the program is in full effect it is now being handled by the Commodity Credit Corporation. If it cannot be done this way we have no objections to trying to get the Appropriations Committee to do it. I am hoping this can be eliminated. I am not going to argue with you whether we should go every time to the Appropriations Committee. I would much rather have you to write it down and put the limitation in here.

Senator TAFT. We authorized so many tanks for the Army. They are just as uncertain as you are. We authorize them in one bill and they have to go to the Appropriations Committee for their appropriation.

Mr. JONES. They spend the money.

Senator TAFT. You spend the money too. There is \$100,000,000,000 spent for planes, tanks, guns, and munitions. That is spent and they go down there and get their appropriation.

Mr. JONES. There was some argument at the beginning that we ought to make contracts with the farmer. The paper shortage would interfere with that. We pay the munitions men, the tank men and the contractors in cash out of that \$100,000,000,000.

I presume the farmers thought we would make provision for them for a certain income.

I am not going to quibble with you about getting the appropriation, but if we have this method it seems to be much easier. You put in every safeguard you think is necessary.

Senator TAFT. This has been in effect nearly a year now.

Senator RADCLIFFE. What you have in mind, is that the whole policy should go to the Appropriations Committee.

Senator TAFT. No; the Commodity Credit Corporation and all these other corporations were formed for business purposes. This might involve a loss and it might not.

In the subsidy programs, I think the milk or dairy subsidy is wholly unjustified by law, but they adopted a new policy in which the money they spent cannot come back under any circumstances.

Senator RADCLIFFE. Why should the policy be determined by the Appropriations Committee? I am appalled by the fact that the placing of responsibility of these policies with regard to these extraordinary expenditures, you are loading that committee down with a tremendous burden.

Senator TAFT. Here is \$1,000,000,000 roughly that is just lost. It ought to be included in the Budget. It ought to be counted in the Budget when you estimate the deficit. You ought to count that deficit.

Mr. JONES. Senator, we have to go ultimately to the Congress just like the Reconstruction Finance Corporation has had to ask for an appropriation to make up the losses.

Senator TAFT. The Reconstruction Finance Corporation is subject to this provision too. They cannot go into things involving a deliberate loss unless they are covered by appropriations.

Mr. JONES. In the meat and flour subsidy they did not.

Senator TAFT. That was over 2 years ago. We authorized subsidies never authorized before, but provided that to get the money you have to make a budget and say what you want the subsidy for.

Mr. JONES. Generally speaking, but most of ours does not come within the purview of what you have in mind, but we were afraid and our attorneys were afraid that no matter how carefully worded it might interfere with what all of us want to do, and it seems to me that outside of the activities we have, there are so few outside of the milk subsidy that is an outright payment and it is linked to production.

Senator TAFT. They are all linked to production, but there is a very clear distinction of what you expect to lose. You are going to lose on soybeans and cotton. This does not prohibit you from going ahead with the purchase of cotton.

Mr. JONES. Well, I am——

Senator RADCLIFFE (interposing). May I ask one question?

Senator BANKHEAD. Go ahead.

Senator RADCLIFFE. I do not know whether I quite understand your comment and I may be mistaken, that is what you have in mind, the whole question of policy which is highly technical would have to be worked out before the Appropriations Committee.

Senator TAFT. I would not say policy. I would say amount.

Senator RADCLIFFE. If they are going to fix the amount they have to determine the question of policy.

Senator TAFT. That is true of the Army or any other appropriation.

Senator RADCLIFFE. I cannot see how they can work that out without involving and sustaining a tremendous burden.

Senator TAFT. You do not mean to say we have not assumed the burden.

Senator BANKHEAD. We will have plenty of time to discuss this issue. We will let anybody say anything they want to say. I think it is important we speed this bill as rapidly as we consistently can, so I am going to hold sessions as regularly as we can, and I am now going to adjourn until 2:30 this afternoon.

Senator MURDOCK. Before we adjourn, at this time, I wonder if I could impose on the committee for a 5-minute executive session?

Senator BANKHEAD. The committee will now go into executive session. Let everyone leave the committee room except members of the committee.

(Whereupon, at 12:40 p. m., the committee went into executive session, at the conclusion of which an adjournment was had until 2:30 p. m. this day.)

AFTERNOON SESSION

(The committee reconvened at 2:30 p. m., upon the expiration of the recess.)

Senator BANKHEAD (presiding). All right, gentlemen, the meeting will come to order.

STATEMENT OF HON. MARVIN JONES, ADMINISTRATOR, WAR FOOD ADMINISTRATION, WASHINGTON, D. C.—Resumed

Senator BANKHEAD. Go ahead now, Judge, with your statement. Proceed if you have anything further.

Mr. JONES. I want to say that when I have finished I would like for Mr. Hancock, who is now the president of the Corporation, to make a brief statement, and I would like to have the details of these figures presented by Mr. Farrington, who handles certain basic commodities, and Colonel Olmstead, who handles the nonbasics, and then any questions: Mr. Rathell will be here for any questions on the financial statements, and Mr. Maycock on the details.

Now, we have undertaken in this to ask for additional authority on the programs that we have outlined, enough to carry us through what we estimate—and it is impossible to tell for certain what we estimate—for this year and for the 12-month period following the ending of the war, whenever that may be; and I will state that we want to keep it on a sound basis, but it seems to us that, with whatever restrictions the committee may deem wise, the provision ought to be made for carrying out the support-price program, and I do not believe it is

going to be practicable to wait until the actual difficulty arises and get the job done as well. As a matter of fact, there will be some considerable difficulty in handling all these programs, even when the provision is made, but I want to keep the thing on as sound a basis and within as reasonable limits as we can to get the job done.

Senator TAFT. Mr. Jones, I do not quite understand why you complicate this "net additional obligations for 12 months period after VE-day." You present the program for the calendar year in the first column, 1945.

Mr. JONES. Yes.

Senator TAFT. Now, that is going to be the same whether there is any VE-day or isn't any VE-day, isn't it? I mean——

Mr. JONES. Not necessarily exactly the same, Senator. We have——

Senator TAFT. You are dealing with a crop year, and there is no reason to—as a matter of fact, if you had a VE-day you might have to have more money to hold the price up for this year than not.

Mr. JONES. Yes, that is correct. And we have a—if this provision is made for the additional full amount—and that is up to the committee to determine, whether they want to do it all at one time or whether they want to divide it—but it seemed to us that, if that new situation should arise sooner, it would take more, probably, than we have estimated in the way of commitments to handle it, and we figure this is just a 2-year extension of the life of it, anyway, and we would like to have that additional provision or whatever the committee feels we should have in the way of authority to proceed as the necessity may arise.

Senator TAFT. It seems to me it is impossible to tell what you want to do with the 1946 crop year—crop year.

Mr. JONES. Well, it is impossible——

Senator TAFT. I do not see how you can guess it, even.

Mr. JONES. It is impossible to tell definitely; you are correct about that. However, it is certain, with the provision made by the Congress for the support prices, that whatever may be the net outlay, there will be a necessity for authority to make the commitments for carrying on the program. Now, a great many of those things won't mean losses. Others will mean losses. Some will mean partial losses. But the commitments will have to be made to support the prices just the same for 1946 under the terms of the congressional act, and those commitments will need to be made as early as is reasonably possible in connection with the planting and production of the crops and the production of the livestock and other commodities. And we have undertaken to make the best estimates possible. You understand that the future commitments are in the estimate class except as we can gauge them on the probabilities in connection with the previous experience and normal amount of crops and the crop goals that have been laid out, and the probable crop goals, which will run along similar lines in the following year as well as this year.

Senator TAFT. If we got down to a straight question of subsidies, I would be inclined to think that they should be covered for just the year, and wait a while for the next year.

Mr. JONES. Well, that, of course, is up to the committee. I think in the event the committee takes that position, however, there should be some leeway allowed for possible contingencies. As a matter of

fact, the way we are trying to handle the matter now, I think it would be well if we had the full provision. However, if the committee feels that the provision for 1 year plus enough to cover any possibilities that might arise with a sudden change in the picture, I think we could—we can get by all right.

Senator TAFT. Is this figure in the second column in the right place, on eggs? You have in column 1, 13,000,000 on eggs, and in column 2, \$273,000,000 on eggs. Is that right?

Mr. JONES. Well, that is the additional fund that is necessary to handle the program. Now, we are going to lose a very small amount this year, but we have to make the purchases for the dried eggs that are shipped all over the face of the earth on lend-lease, and those commitments will be out. That 273,000,000 doesn't mean there is going to be any 273,000,000 lost. The loss this year—I believe I am right, Colonel [addressing Colonel Olinstead]—is only five or six million dollars.

Senator TAFT. Well, I really asked you because I thought it was perhaps intended to go against the dairy production.

Mr. JONES. No.

Senator TAFT. But you just cut the dairy production off, and you—

Mr. JONES. Yes; the dairy production is an outside payment, as you suggested this morning, and whatever is necessary is a straight thing, but on a lot of these things, just as you said, it is hard to distinguish a subsidy that does one thing and a subsidy that does another, and we are up against that proposition in getting any other approach. That is one of the reasons for this method of operation.

Senator BANKHEAD. How do you estimate the amounts of the figures in that second column, and how do you get at the estimates?

Mr. JONES. Well, we take the production for this year and the amount that we had to have outstanding at the particular time, and the goals for the coming year, and now this figure doesn't bear any essential relationship to losses, but you have to have commitments. For instance, when you provide for the drying of eggs you have to contract for those. Those, a great many of them, are bought back through the lend-lease, and we have no loss, but we have to have the provision for carrying that out and carrying that up to a certain point.

And the same way with loans. We have to guarantee the loans that are made by the local banks and lending institutions on these various commodities on which we have support prices. Well, now, there will be collections all along; and in another paper that will be submitted by these gentlemen who present the operating end of it, they will show just what the collections are and what the prospective collections are, and we have taken those into consideration, and our outstanding commitments will be larger toward the end of the year than at any other period. They just naturally accumulate, and then all along we make collections, and we cannot undertake to be absolutely definite. These are all based on our experience and the amount of the crops, on the supporting loan announcements that have been made, and the different items that go into the commitment; and, just as in the case of the commodity that we were referring to awhile ago, there may be one period a big outstanding commitment, and when the collections are all made it may show a very small loss.

Senator BANKHEAD. Take Irish potatoes.

Senator TAFT. They would be a lot clearer to me if you confined yourself to what you want to do the next 12 months. This last, second column, complicates things, I think.

Mr. JONES. Well, we tried to put it separate in order that the committee might determine. Now, for the next 12 months, unless there should be a change in the picture—and if the committee thinks it is wiser to take just the 12 months and add enough to it to take care of any reasonable increase that might be occasioned by a change in the war picture, it will be all right.

The other is our estimate and as best we can make it, and we figured we might just as well put the whole set of facts before the committee. Of course, that can be done, as you suggest, if the committee thinks it is wise to do it the other way.

Senator BANKHEAD. Look at the figures there on Irish potatoes, just for an illustration. You have in the current year \$59,500,000. I can well understand how you estimate that, based on experience and based further on the goal that you seek. But now for the next year, in this other column, the "E" column, you have a larger figure, \$63,900,000. Is that just an arbitrary computation on it?

Mr. JONES. Well, no. They have taken the figures—of course, at this season of the year our net obligations are somewhat liquidated by the movement of the commodity and the using up of the commodity, and there are certain seasons of the year when our outstanding commitments on any commodity are much less because of the seasonal reduction in the supply as we approach the new crop period.

As to this, attention is called [reading]:

For additional or expanded programs for a 12-month period after conclusion of the European War.

Which I had already. [Continuing:]

This estimate is based on the premise that military and lend-lease purchasing will be reduced about one-half and that consumer income during the period will be somewhat lower.

Well, I would like for you gentlemen to ask the major part of those questions of these gentlemen who have handled the operating part of that program.

Senator BANKHEAD. That is true.

Mr. JONES. Mr. Frank Hancock, who was formerly on the Banking and Currency Committee of the House, is the new President of the Commodity Credit Corporation; and, while he has been in that position only a short time, I would like for him to make a brief statement, and then we will let these gentlemen go on who have handled the operating part of it.

Senator TAFT. May I ask, do you have a balance sheet as of the 1st of January this year?

Mr. JONES. Yes, sir; we have it as of October 31.

Senator TAFT. It would be easier to understand this if we had a copy of this balance sheet.

Mr. JONES. Do you have extra copies of this balance sheet?

Mr. RATHELL. Yes, sir.

Mr. JONES. Will you furnish the Senator that?

I thought we would give this to you when these gentlemen go on, but we can do it now if you would rather.

Senator TAFT. It is a little easier to understand, I think.

Mr. JONES. All right.

(The above-mentioned balance-sheet is as follows:)

WAR FOOD ADMINISTRATION—COMMODITY CREDIT CORPORATION

Balance sheet, Oct. 31, 1944

ASSETS	
Cash.....	\$21, 448, 103. 41
Commodities owned:	
Acquired under price support program.....	\$836, 470, 269. 33
General commodities purchase program.....	563, 187, 448. 49
	<u>1, 399, 657, 717. 82</u>
Loans receivable:	
Held by Commodity Credit Corporation.....	133, 789, 817. 47
Producers' pools.....	40, 270, 764. 20
Held by lending agencies.....	464, 555, 689. 53
	<u>638, 616, 271. 20</u>
Accounts receivable.....	551, 069, 532. 28
Accrued assets.....	19, 266, 028. 81
Fixed assets.....	10, 768, 576. 88
Deferred charges.....	340, 548. 64
Undistributed debits:	
Unadjusted general commodities purchase program.....	\$43, 520, 008. 15
Other.....	12, 740, 096. 39
	<u>56, 260, 104. 54</u>
Total assets.....	<u><u>2, 697, 426, 883. 58</u></u>

LIABILITIES

Guaranteed obligations of United States:	
Series G notes payable.....	\$411, 596, 000. 00
Notes payable to Treasury.....	1, 035, 000, 000. 00
Bank loans payable.....	277, 482, 516. 69
	<u>1, 724, 078, 516. 69</u>
Accounts payable.....	242, 274, 458. 96
Accrued liabilities.....	14, 369, 490. 11
Advance from Foreign Economics Administration on lease purchases.....	634, 437, 474. 79
Undistributed credits.....	71, 497, 476. 81
Obligations to purchase loans held by lending agencies.....	464, 555, 689. 53
	<u>3, 151, 213, 106. 89</u>
Total liabilities.....	<u>3, 151, 213, 106. 89</u>

NET WORTH

Capital stock.....	\$100, 000, 000. 00	
Deficit.....	553, 786, 223. 31	(453, 786, 223. 31)
Total liabilities and net worth.....	<u>2, 697, 426, 883. 58</u>	

WAR FOOD ADMINISTRATION—COMMODITY CREDIT CORPORATION

Condensed operating statement, Oct. 17, 1933, to Oct. 31, 1944

Income:	
Interest income.....	\$61, 074, 566. 89
Miscellaneous income.....	3, 979, 236. 55
	<u>\$65, 053, 803. 44</u>

Condensed operating statement, Oct. 17, 1933, to Oct. 31, 1944—Continued

Expenses:

Interest expenses.....	\$58, 981, 531. 30	
Operating expenses.....	25, 960, 686. 70	
		<u>\$84, 942, 218. 00</u>

Excess of expenses over income.....	19, 888, 414. 56
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Losses from program operations:

Apple freight equalization payments.....	\$3, 225, 601. 14	
Ammonium nitrate.....	(40, 276. 88)	
Beans.....	5, 224, 239. 69	
Cheddar cheese.....	44, 077, 154. 99	
Corn.....	42, 325, 548. 71	
Corn ceiling price adjustment.....	1, 533, 554. 94	
Cotton.....	(91, 884, 591. 90)	
Realized profit on sales of rubber to Rubber Reserve Company.....	(11, 055, 451. 45)	
Dairy feed payments.....	279, 846, 671. 82	
Fluid milk.....	15, 014, 881. 43	
Foreign commodities: ¹		
Sugar.....	\$21, 524, 806. 74	
Other.....	(13, 367, 190. 59)	
		<u>8, 157, 616. 15</u>
Grain bins.....	15, 691, 200. 11	
Grapefruit juice.....	6, 686, 199. 84	
Oilseeds and products.....	31, 333, 149. 47	
Peas.....	13, 276. 00	
Potatoes.....	4, 980, 176. 17	
Raisins and prunes.....	18, 255, 731. 20	
Sugar, domestic.....	34, 200, 086. 69	
Tobacco.....	(6, 079, 724. 78)	
Vegetable processing.....	23, 740, 823. 67	
Wheat.....	252, 557, 288. 12	
Miscellaneous programs.....	45, 177. 22	
		<u>677, 848, 332. 35</u>

Total realized loss.....	697, 736, 746. 91
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¹ Importations of Commodity Credit Corporation since Jan. 1, 1944, are limited to sugar for Caribbean area and food from Canada.

WAR FOOD ADMINISTRATION—COMMODITY CREDIT CORPORATION

Deficit Oct. 31, 1944

Excess of expenses (including losses on commodities sold) over income.....	\$697, 736, 746. 91
Add:	
1940 payment of surplus to U. S. Treasury.....	\$43, 756, 731. 01
1942 payment of surplus to U. S. Treasury.....	27, 815, 513. 68
	<u>71, 572, 244. 69</u>
Subtotal.....	769, 308, 991. 60
Deduct:	
1933 appropriation to cover deficits.....	\$94, 285, 404. 73
1939 appropriation to cover deficits.....	119, 599, 918. 05
1941 appropriation to cover deficits.....	1, 637, 445. 51
	<u>215, 522, 768. 29</u>
Balance, deficit.....	553, 786, 223. 31

**STATEMENT OF FRANK HANCOCK, PRESIDENT OF COMMODITY
CREDIT CORPORATION, WASHINGTON, D. C.**

Mr. HANCOCK. Mr. Chairman and gentlemen of the committee, in view of the brief time in which I have been associated with the Commodity Credit Corporation, it would be somewhat presumptuous on my part to believe that I could make any constructive contribution to your thinking with respect to the provisions of the new bill now before you.

I took office as President of the Commodity Credit Corporation on January 1, 1945. As you may well imagine, I have hardly begun in this short period to see more than the surface of the operations of this Corporation, which has been working for more than 11 years to stabilize agricultural prices and improve the income of farmers. The Corporation, as many of you know, was established in 1933 under authority of the National Industrial Recovery Act. I was a member of Congress at that time, and I voted for this and the other acts which were then enacted to stem the tides of depression in our agricultural and industrial economy.

The Commodity Credit Corporation has come, however, a long way. As I have followed its activities through the years, I am confident that through its able management it has been a vital force, not only in improving the economic condition of our farmers but in stimulating the great wartime increase we have had in our food production.

It all seems fairly simple when we read in the press that the Corporation has let farmers the money on so many bales of cotton or so many bushels of wheat, or that it has bought so many pounds of tobacco. But behind the operations such as these is an organization whose activities affect in one way or another the financial welfare of all of our farm people. These operations have to do also with all of the commercial agencies interested in the various processes of transforming raw agricultural products into the finished goods of civilian and military consumption.

During the past year, the Corporation's operations totaled more than \$5,000,000,000 of loans and purchases in a price-support program embracing more than 50 farm commodities and constituting 75 percent of the farmers' cash income. Also, during the war to date its loans and purchases have totaled more than \$10,000,000,000.

Senator BANKHEAD. From what beginning point?

Mr. HANCOCK. Beginning in the latter part of 1941.

The measure of the worth of these activities is not so much in money as it is in terms of increased farm production during the war period. Even though there are fewer workers on the farms than at the beginning of the war, the farmers have been producing fully a third more of agricultural commodities than they produced during the 5 pre-war years, 1935-39. About 25 percent of the total wartime volume of food has been going to the military establishments and for lend-lease to our allies. The remainder for civilians at home adds up to more than the pre-war volume of consumption.

Few would have thought it possible 5 years ago for our farmers to achieve so large an increase in our agricultural production. Notable have been the great increases in the production of vegetable oil crops in the Midwest, the Northwest, and the South; the great

Nation-wide expansion in the production of meats, milk, and eggs; and the increases in production of dry beans, fresh and processed vegetables, and other foods. To farmers working without stint in cooperation with our Government agencies these splendid achievements are due.

Before the war, the Commodity Credit Corporation operations consisted principally of making loans on wheat, cotton, corn, tobacco, and other basic commodities, and on a few nonbasic commodities.

These lending operations, of course, involved transporting, storing, and servicing such commodities, and—as events subsequently proved—accumulating the reserves of feed grains and other commodities which helped to make possible the wartime increase in our food production. Then, after we got into the war, the Corporation, pursuant to a mandate from Congress, extended its price supports to include loan, purchase, and other operations with respect to a large number of nonbasic commodities. This helped further to make possible the wartime expansion in our agricultural production by guaranteeing farmers a fair monetary return for their efforts. By this action, Congress gave tangible evidence of its belief that farmers are entitled to the same kinds of guaranteed protection as has been given to industry.

Congress wisely led in this course, for in many ways the gains have far exceeded the cost.

The cost, in our judgment, has been relatively small when it is considered in relation to the total cost of the war or even to the total cost of producing food during the war. If Congress had not authorized the agricultural programs, the total cost of the war would have been much greater. The public debt at the end of the war will be less because these programs were undertaken. During the past 2 years about 40 percent of all the goods produced in the United States have been for war purposes. Governmental agencies pay for these war goods. The production of food at reasonably stable prices has made for low costs for other commodities. Increased costs might easily have been several times the cost of the wartime food programs. Nonfarm groups as well as farm groups have shared in the benefits. Consumers as well as producers have shared in the gains resulting from price stability.

As it is now constituted, the Commodity Credit Corporation finances and administers all of the price-support programs of the War Food Administration, including the basic crops, the so-called Steagall commodities, and—to the extent that funds are available—commodities such as wool, naval stores, sugar beets, sugarcane, fruits and vegetables for processing, barley, grain, sorghums, rye, vegetable seeds, and so on. These operations include the making of loans to farmers, the buying of cotton, grains, and other farm products, the procurement of commodities for lend-lease and other Government purposes, transportation and storage of commodities, and the sale of surplus commodities within the limits of congressional authorization. Last year, some of these operations, such as the procurement of food for lend-lease, and the price-support programs on many of the Steagall commodities, were administered for the Corporation by the Office of Distribution of the War Food Administration. In January of this year all of these and some other related activities were consolidated within the Commodity Credit Corporation.

This consolidation of activities within the Corporation by Judge Jones, War Food Administrator, is designed to make for greater efficiency and economy in the operation of the price support and food procurement program of the War Food Administration, and to insure the soundest use of its credit powers as possible. Besides the loans, purchases, and sales, the present activities of the Corporation include the appraising of supplies of food and other agricultural commodities, and the making of determinations for submission to the War Food Administrator with respect to the allocation of the United States food supply among military, other governmental, and foreign claimants. The Corporation is charged with the administration of war food orders pursuant to title III of the Second War Powers Act of 1942, as amended, relating, among other things, to the importation of food, the assignment of food priorities, the control of refrigeration space, and the allocation of oilseeds.

The Corporation, under the new set-up, is managed by a board of directors of which the War Food Administrator is the chairman.

Members of the board include the president and vice president of the Corporation, the Chief of the Agricultural Adjustment Agency, the Director of Price, and the Director of Surplus Property and Reconversion of the War Food Administration. The Solicitor and the Director of Finance of the Department of Agriculture, serve as legal advisers and finance adviser, respectively, to the board of directors. The president is the chief executive officer of the Corporation and is responsible for the general direction of and control over the administrative and fiscal affairs of the Corporation. Program operations are carried out under the direction of two vice presidents. The principal office of the Corporation is located in Washington, D. C. Field operations dealing primarily in cotton, sugar, wheat, corn, and other grains are carried on through six regional offices. These offices are at Chicago, Minneapolis, New York, Portland (Oreg.), Kansas City (Mo.), and New Orleans.

Price-support programs with respect to the other commodities have been handled in the field through regional offices of the former office of distribution located at Atlanta, Dallas, New York, Chicago, and San Francisco, and a number of district offices. All of the price-support activities in the field as well as at Washington are now being consolidated for greater facility and economy. Related activities also are being drawn into single units so far as this may be practicable.

The price-support programs of the Corporation are carried out under the direction of two vice presidents. One has general supervision of the price-support programs on basic commodities—cotton, wheat, corn, tobacco, rice, and peanuts, and also on wool, sugar, hemp, feed grains, and oilseed crops—and the other has general supervision of the price support programs for fruits, vegetables, poultry, and livestock. This latter vice president also is in general charge of the procurement of food to meet governmental requirements, the allocation of food among the various claimants, and the school-lunch and direct-distribution programs.

I wish to recommend the enactment of the bill, S. 298, which this committee is now considering.

I have a detailed analysis of each provision of the bill in this statement, but in view of Judge Jones' explanation I will be glad to omit it.

Senator BANKHEAD (presiding). Mr. Hancock, you may include that in the record, if you care to, as a part of your statement.

Mr. HANCOCK. Thank you, Senator. I would like to do it.

Section 1 of the bill would increase the borrowing power of Commodity Credit Corporation from \$3,000,000,000 to \$5,000,000,000. If the assurances which Congress directed the War Food Administration to give to farmers with respect to agricultural prices are to be effective, and if all commitments are to be fulfilled, adequate funds must be available to Commodity Credit Corporation.

Section 2 of the bill would permit nonbasic perishable commodities owned or controlled by C. C. C. to be sold below the parity or comparable price in the event the War Food Administrator determined that there is danger of loss or waste through spoilage. In the disposal of perishable commodities the Corporation is directed, insofar as is practicable, to do so in a manner which will increase the consumption of the commodity and prevent a depression in the farm price.

The desirability of avoiding loss of waste of food through spoilage is quite obvious. It would be a crime not to put to good use every ounce of foodstuffs which our farmers produce.

Section 3 would suspend section 381 (c) of the Agricultural Adjustment Act of 1938 until 2 years after the war. Section 381 (c) limits the quantity of cotton which C. C. C. may sell to 300,000 bales in any month, and 1,500,000 bales in any year, and also prohibits the Corporation from selling cotton for less than the total amount paid out with respect to the cotton. Large stocks of cotton are being acquired by the Corporation under its program for the purchase of cotton at the parity price, and unless the restrictions contained in 381 (c) are removed it is likely, according to my information, that domestic users of cotton will be unable to obtain adequate quantities to satisfy their needs. The period during which 381 (c) would be suspended is the same as that for which the Corporation is directed to make loans on cotton at 92½ percent of parity. The suspension would not affect the prohibition contained in the Department of Agriculture Appropriation Act against sales of cotton below the parity price.

Section 4 of the bill would make it clear that the antisubsidy provisions of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Act of 1944, are not to apply to operations of the Commodity Credit Corporation designed to support price or obtain production of agricultural commodities. Section 4 would also permit the continued absorption of abnormal costs in connection with the transportation of agricultural commodities and foods. This provision is, I believe, desirable in order to remove any doubt as to the authority of the Corporation to use its funds to support prices and obtain production of agricultural commodities, and to absorb abnormal costs in connection with transportation of such commodities and foods which have resulted from the war emergency.

Section 5 of the bill changes the appraisal date of the assets and liabilities of the Corporation from March 31 of each year to June 30, the close of the fiscal year, thus putting the appraisal, beginning with 1945, on a fiscal-year basis. It also changes the basis of the valuation of the assets to the cost or average market price during the last month of the fiscal year, whichever is lower.

The present basis is the average market price for the 12-month period or cost, including not more than 1 year of carrying charges, whichever is less. The proposed new method of appraising the assets would be more practicable and give a more accurate indication of the financial condition of the Corporation at the time of appraisal than the method now used.

Section 6 of the bill would continue the life of Commodity Credit Corporation as an agency of the United States until June 30, 1947. The extension of the Corporation's life for at least a 2-year period is, I believe, essential.

Mr. Farrington, Colonel Olmstead, Mr. Rathell, Mr. Maycock, and other officials of the Corporation will go into the various operations of the Corporation and will be glad to discuss with you, in such detail as you may wish, the provisions of the bill.

I want to say that my sole function from now on, as I understand the order, directed by Judge Jones, will be to have general supervision of the Corporation, primarily devoting my time and attention to its administrative and fiscal functions.

Senator BANKHEAD (presiding). Well, you have given us a good statement of the administrative experience and objectives of this organization.

Mr. HANCOCK. Thank you.

Senator TAFT. Who administers the milk program?

Colonel OLMSIEAD. The milk program, Senator, is carried on out in the field by the triple A, Agricultural Adjustment Agency, under Mr. Ed Dodd, N. E. Dodd, who is here.

Mr. JONES. If there are no further questions—

Senator TAFT. Who decides the subsidy to be paid? Is that decided by somebody in the Commodity Credit Corporation or the War Food?

Colonel OLMSTEAD. War Food Administration.

Mr. JONES. We consult on that, and the board goes over it, and we have our dairy people, and all go into a huddle and try to adjust that on the basis of what is needed and what is the fairest arrangement. We have a group that get together on that to determine what it should be. I have the final say on it, but it is after consultation, and they are governed by these men who administer the program.

Senator TAFT. Well, what does the Price Administrator have to say about the different subsidies, many of these different subsidies that are involved?

Mr. JONES. Well, most of these subsidies, in view of the stabilization program, I think are desirable; that is, the continuation substantially as—that is, the ones that are handled by this Corporation—as largely desirable for a continuation, at least during the period of hostilities; and then, if your definition of "subsidy" links to your price supports, I think those particular things would have to be continued so long as the stabilization program was in effect.

Senator TAFT. I mean, do you have to agree with the Price Administrator about how much of a subsidy is going to be paid on soybeans, for instance?

Mr. JONES. Well, usually that is submitted to them, and if there isn't agreement, then that is determined by the Director of Economic Stabilization, but we—

Senator TAFT. When you make a support price, you have to get either agreement of the Price Administrator or of the Director of Economic Stabilization, don't you?

Mr. JONES. Well, as to some of the support prices that isn't correct. If it involves a subsidy that affects the price figure, we have to go to them. If it is simply a support price and does not involve any subsidy payment, we don't have to go to them.

Senator BANKHEAD. Who initiates the subsidy payment, both the fact that you have a subsidy and the amount of it? Does your department do that, or the O. P. A.?

Mr. JONES. Well, we initiate; we have the support price and the figure that we—we initiate the figure that we think is necessary to secure the production. Then the question of whether that shall be adjusted by a price relationship or by a subsidy is finally determined, unless it is agreed, by Director Vinson.

Senator BANKHEAD. Well, now, is that an amendment to——

Mr. JONES. We, of course, try to work in cooperation, wherever we can.

Senator BANKHEAD. There is a section in the original Price Control Act, of which I was the author, and it made a big controversy, which prohibits the Price Administrator from taking any action affecting any agricultural commodity without the approval of the Secretary of Agriculture.

Mr. JONES. Yes, sir. That has been the theme of extensive discussion, of course, and as War Food Administrator I work within an executive framework that gives me authority on the thing, and arrange—if it is something that I do not agree on in the way of price, then under the Executive order it goes to Vinson, to Judge Vinson, for determination.

Senator BANKHEAD. Well, as I understand it the conference committee and the Senate understood it. Because of the amendment there was a sudden great controversy on it in the conference committee and with the President, as you know.

Mr. JONES. Yes, sir.

Senator BANKHEAD. We understood it that it gave the Secretary of Agriculture veto power over the action of the Price Administrator in matters relating to agricultural commodities.

Mr. JONES. Yes, sir; that specifically does that. However, there are certain war powers granted to the President, and he is granted an authority for a final determination of some things.

Senator BANKHEAD. Well, we did all we could in the conference committee to prevent any war power granted to the President from suspending, or giving him power or authority to change, that provision, because that was discussed at the time——

Mr. JONES. I see.

Senator BANKHEAD. About whether or not he wouldn't insist on some other power he had to give everything to Mr. Henderson.

Mr. JONES. Well, those, of course, have always come—they always come——

Senator BANKHEAD. The conference committee discussed that at length.

Mr. JONES. Any possible ceiling effect on agricultural commodities must come to the War Food Administrator, who, under the Executive

order, exercises the same powers that you are referring to; but that final determination, if it isn't agreed, is settled in the way I mentioned. Now, whether that is the proper way, I cannot pass on. That is the authority I am given, and I exercise the authority which I have.

Senator BANKHEAD. Mr. Vinson is an arbitrator between the two departments; is that right?

Mr. JONES. That is on that particular type of subject, yes.

Senator TAFT. Mr. Jones, has the General Accounting Office started any audit yet under the provisions requiring audit of accounts since last July?

Mr. RATHELL. Yes. They are beginning now. The audit will be June 30, 1945, but they are doing preliminary work now.

Senator TAFT. There is no special arrangement for the Corporation apart from the general Federal law?

Mr. RATHELL. No.

Senator TAFT. Your fiscal year has always been July 1 to July 1?

Mr. RATHELL. It will be June 30, fiscal year.

Senator TAFT. What is this statement you furnished as to condensed operating statement, October 31, 1944? It doesn't say when it starts. Is that for 9 months or is that a year, or what?

Mr. RATHELL. No. That is from the beginning of the organization of the Corporation—October 1933. That is the complete operating statement down to date.

Senator TAFT. Oh. Well, that does not show very much, then, does it, except that the losses are over \$400,000,000?

Mr. RATHELL. It shows the over-all picture from the beginning of the organization down to October 31.

Mr. JONES. Of course, as you understand, basic commodities are carried over from year to year, and the operation is not completed in 1 year.

Senator TAFT. You haven't got a statement down to the end of the calendar year?

Mr. RATHELL. No.

Senator TAFT. You have not got a statement of the balance sheet to the end of the calendar year or a statement of '44 operations?

Mr. RATHWELL. No. We, of course, make a statement once a month, but it is a continuing statement of all operations from the beginning of the organization.

Senator TAFT. It seems to me we ought to have a statement of what the company has done during the last 12 months in the way of receipts and disbursements and operations, and so forth.

Mr. RATHWELL. We could very easily make a statement and break it off at any period. October 31 is the last balance-sheet date that we have now.

Senator TAFT. I would like to know how much the company has lost in 12 months. I suppose this deficit, 553,000,000, is what you lost in the year.

Mr. RATHELL. No; that is the loss since the beginning of the organization.

Mr. JONES. I don't—

Senator TAFT. Oh, that wouldn't be, that couldn't be since the beginning, because your losses have been made up by appropriations here.

Mr. JONES. Of course——

Mr. RATHELL. On the condensed operating statement, which is the second sheet, the total loss has been \$697,000,000. There has been appropriated to make up losses a total of \$215,000,000, and paid back into the Treasury \$71,500,000. Now, the difference of those two, taken from the total loss, is the deficit of \$553,000,000.

Senator TAFT. Which has occurred since the last appropriation, which was last year; has it not?

Mr. RATHELL. No, it is over all; it occurred since the beginning of the Corporation.

Senator TAFT. Well, I would like to see—it seems to me we ought to have—we ought to know what the Corporation has done for the last 12 months and how much money it has lost and what it has been lost in, if you want to have a complete statement.

Mr. JONES. That could be prepared, but that would have to—Mr. Rathell, that would have, of course, to be computed and built against stocks we have on hand?

Mr. RATHELL. We can make that statement by giving a comparative statement, operating statement, cutting off the last year and bringing it down to date for the 12-month period.

Senator BANKHEAD. Would that involve an appraisement of the stock on hand?

Mr. RATHELL. No, sir. That would be the actual losses that occurred, not the appraised losses.

Senator BANKHEAD. Actual losses on realized transactions.

Senator TAFT. Yes. That is all.

Mr. JONES. Would that be the actual losses for the year? For the 1 year?

Mr. RATHELL. Yes; it could be worked out for the year—for the last 12 months.

Senator TAFT. If you can do it, I would be obliged.

Mr. RATHELL. Would you like to have it for the calendar year, or fiscal?

Senator TAFT. The calendar year 1944; yes, that is what I am interested in, from the point of view of prices and, of course, subsidy.

Mr. RATHELL. Our last complete sheet that we have available now is October 31, but we can work up a statement for the calendar year 1944.

Senator BANKHEAD. Will that statement include all subsidy payments made?

Mr. RATHELL. Yes, sir.

Senator TAFT. You have not any balance sheet up to the 1st of January?

Mr. RATHELL. No, sir; we have not. We can give it to you on a fiscal-year basis and of course can bring it down to '44 through December 31.

Senator TAFT. Well, if you came in now on the basis of this "31st" statement you would have to have an appropriation of approximately \$550,000,000, wouldn't you, from the Treasury in order to put yourself in a solid condition again?

Mr. RATHELL. Yes; if this is the final deficit and nothing further added on the appraisal of assets.

Senator TAFT. I mean the appraisal, yes; that is what I mean. There is no change?

Mr. RATHELL. That's it.

Senator BANKHEAD. That covers 11 years' experience?

Mr. RATHELL. Yes.

Senator TAFT. Now, the \$553,000,000, as I understand, has been lost in the last 12 months?

Mr. RATHELL. No, sir.

Senator BANKHEAD. No, sir; he insisted that was from the beginning.

Senator TAFT. I don't see why not. We made it up. We appropriated all the deficit up to last year on the basis of March 30, 1944, didn't we?

(The statement referred to above is as follows:)

WAR FOOD ADMINISTRATION—COMMODITY CREDIT CORPORATION

Condensed operating statement (from Jan. 1, 1944, to Dec. 31, 1944)

Income:

Interest income.....	\$10, 484, 026. 35	
Miscellaneous income.....	2, 043, 166. 29	
		\$12, 527, 192. 64

Expenses:

Interest expenses.....	13, 315, 085. 92	
Operating expenses.....	6, 777, 702. 31	
		20, 092, 788. 23

Excess of expenses over income.....		7, 565, 595. 59
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Losses from program operations:

Apple freight equalization payments.....	\$3, 053, 633. 02	
Ammonium nitrate.....	(40, 276. 88)	
Beans.....	3, 919, 935. 73	
Cheddar cheese.....	18, 380, 376. 35	
Corn.....	6, 644, 502. 03	
Corn ceiling price adjustment.....	243, 352. 95	
Cotton.....	(7, 515, 693. 11)	
Realized profit on sales of rubber to Rubber Reserve Company.....	35, 455. 59	
Dairy feed payments.....	353, 697, 007. 63	
Fluid milk.....	12, 100, 285. 59	
Foreign commodities (excluding sugar).....	(19, 828, 443. 44)	
Grain bins.....	5, 547, 566. 61	
Grapefruit juice.....	6, 952, 899. 60	
Oilseeds and products.....	34, 870, 126. 57	
Peas.....	55, 957. 76	
Potatoes.....	16, 777, 274. 84	
Raisins and prunes.....	8, 610, 582. 11	
Sugar, domestic and foreign.....	21, 004, 191. 96	
Tobacco.....	(2, 676, 309. 77)	
Vegetable processing.....	15, 217, 348. 46	
Wheat.....	97, 829, 109. 44	
Miscellaneous programs.....	(5, 646, 987. 95)	
		569, 231, 895. 09

Total realized loss.....		576, 797, 490. 68
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Mr. JONES. Appropriated how much?

Mr. RATHELL. No. The last appropriation——

Senator TAFT. Brought you up to date?

Mr. RATHELL. The last adjustment was in 1942. That was a payment into the Treasury. There was no appropriation last year.

Senator TAFT. That was because there wasn't any deficit on March 30 last year?

Mr. RATHELL. Yes; there was a deficit of about \$39,000,000 which you failed to appropriate.

Senator TAFT. They didn't appropriate the \$39,000,000. So then, all of this deficit of \$553,000,000 except \$39,000,000 has accumulated since the 30th of last March?

Mr. RATHELL. Yes.

Senator TAFT. Well, that is what I mean.

Mr. RATHELL. Yes.

Senator TAFT. You have lost about \$514,000,000, then, in the year 1944, roughly speaking?

Senator BANKHEAD. As I get it, all of that was lost prior to a year ago. The \$39,000,000 was a deficit up to that time.

Mr. RATHELL. \$39,000,000 was the deficit to March 31, 1943.

Mr. HANCOCK. Senator, my understanding is that, in all, the war-time activities of the Commodity Credit Corporation undertaken in '42, '43, and '44 will cost the Commodity Credit Corporation or the Government around a billion dollars, and that roughly one-half of that is involved in the dairy feed and milk payments program, and a fourth is accounted for by losses on sales of feed wheat, and the remainder is made up of losses in connection with oilseed crops, processed vegetables, dried fruits, beans, potatoes, and a number of other commodities.

Senator TAFT. Well, I know it is due to the subsidy. That's all right. I mean I think—I am just trying to find out how much it is; that's all.

Senator BANKHEAD. You haven't had losses of any consequence due to loans on basic commodities, have you?

Mr. HANCOCK. Very few. Very small amounts, is my understanding, Senator. Very small amounts.

Senator BANKHEAD. Since they started the organization?

Mr. HANCOCK. That is right, sir. One or two years there they made a little money.

Senator BANKHEAD. Well, Mr. Hutson told me a few months ago that on cotton they had made \$92,000,000.

Senator TAFT. That is shown here in this statement, Senator.

Mr. HANCOCK. Over the years we have made \$91,884,000 on cotton, approximately.

Mr. JONES. That, may I say, is due somewhat to the fact that the loan and support prices were lower, so we accumulated in consequence of that.

Senator BANKHEAD. Surely.

Mr. JONES. And there is an increased price now which will go the other way, so what we are getting now is put into the picture.

Senator TAFT. It has to go one way or the other.

Senator BANKHEAD. Yes, of course.

Mr. JONES. I didn't want to create the impression that over a long period of years there would be money made on that kind of transaction. I wanted that to be very clear.

Now, Mr. Farrington, will you take over? And then Colonel Olmstead. Mr. Farrington is the vice president of the Corporation, Carl Farrington, and he has handled primarily the basic commodities.

**STATEMENT OF CARL FARRINGTON, VICE PRESIDENT OF THE
COMMODITY CREDIT CORPORATION, WASHINGTON, D. C.**

Mr. FARRINGTON. As a vice president of the Corporation, as Judge Jones has indicated, I have general supervision of the price-supporting loan, purchase, and sales programs on wheat, cotton, corn, tobacco, wool, sugarcane, sugar beets, raw sugar (both offshore and domestic), peanuts, feed grains, hemp, gum turpentine and rosin, soybeans, flaxseed, and cottonseed, and will be glad to answer, if I can, any questions relating to those commodities.

The operations on these commodities include (1) loans to farmers and farmer-cooperative associations at the rates specified by Congress, (2) the purchase of these commodities for price-support purposes or to meet Government requirements, (3) transportation and storage of the commodities listed, and (4) the selling of these commodities in domestic and foreign markets. I am sure we can all agree that these price-supporting activities on these commodities have been of great assistance to the farmers of this country in their all-out effort to meet the war needs for food and fiber, and have certainly contributed much to the increase in production that we have had.

If it is your pleasure I shall be glad to discuss each one of the programs and have you ask questions at any time.

Senator BANKHEAD. I don't know as we are interested in going to any detail.

Senator TAFT. Well, I am interested, yes, in each one where there is any.

Senator BANKHEAD. All right; go on.

Senator TAFT. Because I think we should at least start on them so that we can understand the different kinds.

Mr. FARRINGTON. Yes. Well, in the case of wheat, for example, we have this year a record production of 1,078,000,000 bushels, and also had an unusually large carry-over.

Senator BANKHEAD. How much?

Mr. FARRINGTON. 1,078,000,000 bushels, and in addition——

Senator BANKHEAD. Is that the record for all time?

Mr. FARRINGTON. That was an all-time record production of wheat; yes, sir. In addition, we had a carry-over of 315,000,000 bushels, which, though not a record, is an unusually large carry-over. But, in spite of this record crop and a large carry-over the price-supporting activities have enabled farmers this year to realize the highest average prices and the greatest income from wheat of any year since 1920.

Senator BANKHEAD. How much of that was their income increased, if you have the information, under the Bankhead-Brown amendment, as included in the last stabilization act purchase amendment program announced by the Food Administrator?

Mr. FARRINGTON. This year we had almost a billion one hundred million bushels; and the price, the support price, \$1.35 a bushel; so that the gross income will be close to a billion and a half dollars. Now, just a couple of years ago we were loaning——

Senator BANKHEAD. How much has the price of wheat increased by virtue of the activities under that amendment, purchase of wheat, market price?

Mr. FARRINGTON. Well, the original loan announcement at 85 percent of parity, was \$1.28, as I recall it. After that amendment was enacted the loan rate was increased to \$1.35, which was an increase of 7 cents a bushel; and then we announced the purchase program which has been effective in bringing prices very close to parity, or averaging now around \$1.45, or from 15 to 20 cents a bushel above the original support price.

Senator BANKHEAD. In other words, it has profited farmers 15 or 20 cents a bushel?

Mr. FARRINGTON. The prices average that much above the original support at this time.

Mr. JONES. The amendment, though, was 10 cents.

Mr. FARRINGTON. The amendment—

Mr. JONES. The first amendment was—I don't know—were they both involved in one? Was the first amendment raising it from 85 to 90 percent? That was the Taft amendment, as I understand it.

Mr. FARRINGTON. We took both actions following enactment of the Bankhead amendment.

Senator BANKHEAD. That was the year before, wasn't it?

Mr. FARRINGTON. No. We raised from 85 to 90 this year on corn and wheat. We had raised before on cotton, Senator.

Senator BANKHEAD. It would be the difference between 85 and 90?

Mr. FARRINGTON. Yes; so that they profited substantially, and on an unusually large production, of course, it means a very great increase in income.

Senator BANKHEAD. All right; proceed.

Mr. FARRINGTON. Feeding demand for wheat this year is much smaller than last season, when some 500,000,000 bushels were fed.

Senator TAFT. How about '44 as against '43?

Mr. FARRINGTON. That is for the '44-'45 year as compared with the '43-'44; yes, sir; the wheat year is the same as the Government fiscal year.

The quantity used for industrial alcohol also is likely to be less than the 108,000,000 bushels used for this purpose last season. On the other hand, exports of wheat and wheat flour will be somewhat larger this year than last because of the lend-lease and Army programs and the export program which is now in effect under the Surplus Property Act of 1944. The carry-over at the end of the 1944 season on June 30 next is expected to be in the neighborhood of 400,000,000 bushels, which will be some increase from last year. Meanwhile, the 1945 goal calls for 67,731,000 planted acres as compared with 65,454,000 acres planted last year.

As we have indicated, the loan rate this year is 90 percent of parity, which is equal to \$1.35 per bushel on the farm. That is the average loan rate to the farmer.

Senator TAFT. Parity is, then?

Mr. FARRINGTON. Parity was \$1.50. It is now \$1.51. It was \$1.50 at the beginning of the year.

Senator TAFT. \$1.50. And the loan?

Mr. FARRINGTON. \$1.35.

Senator TAFT. \$1.35.

Mr. FARRINGTON. Yes; based on 90 percent of parity. Last year the loan rate was at 85 percent of parity, which was equal to \$1.23 a

bushel. I might add that our support price here compares with about a dollar a bushel to farmers in Canada, and about 72 cents in Argentina.

Senator BANKHEAD. A little louder, please.

Mr. FARRINGTON. We have had put into the loan this year about 175,000,000 bushels as compared with 128,000,000 last year. And then, in addition to the loan program, as you know, we have been buying wheat in the market and have also offered to purchase as of May 1, 1945, all of the wheat that had been put under loan and not redeemed by that date.

Senator TAFT. At what? At the price at which it was put under loan?

Mr. FARRINGTON. No, sir. At the full parity price less the accrued carrying charges up to that date. That is the loan rate plus 15 cents less the carrying charges.

Senator TAFT. If the parity price goes up, they have the advantage of the additional parity?

Mr. FARRINGTON. The announcement was on the basis of loan rate plus 15 cents, which averages about parity. There has been only one change in parity since the first of the wheat year.

This offer to farmers was made pursuant to the provisions of section 201 (b) of the Stabilization Extension Act of 1944.

Since July 1, the Corporation has bought a little over 105,000,000 bushels of domestic wheat, and most of this has been used as feed wheat by livestock producers in deficient feed-producing areas, under the feed-wheat program. This is a continuation of the program which was begun 2 years ago when feed grains were becoming scarce because of the great wartime expansion in livestock production; and since the beginning of the war the corporation has sold more than 900,000,000 bushels of wheat, at first drawing upon its own stocks accumulated prior to the war, and then buying wheat both in the United States and Canada. The purchases since July 1, 1943, have totaled about 325,000,000 bushels, and the remainder was accumulated under the loan programs.

Of the 900,000,000 bushels which have been sold, about 700,000,000 were sold for livestock feed. The remainder was sold to distillers for alcohol production which in turn was used in the manufacture of rubber and for lend-lease and military purposes and some to domestic mills, particularly—

Senator BANKHEAD. You had a much larger demand for wheat than you normally had because of the shortage of corn?

Mr. FARRINGTON. Very much larger, Senator; as indicated, about 500,000,000 bushels of wheat were fed last year.

Senator TAFT. There was no reduction in the normal corn production, was there? Just an increase in consumption?

Mr. FARRINGTON. We have had very large corn production the last 3 years, but we have used this up and have also used up this large quantity of wheat in getting increased livestock production.

Senator TAFT. You say you bought 105,000,000 of this crop or this—

Mr. FARRINGTON. Yes, sir.

Senator TAFT. You bought 105,000,000 for resale as feed wheat?

Mr. FARRINGTON. Our sales of feed wheat have just about equaled that amount; yes, sir. During this—

Senator TAFT. Do you expect to buy any more for feed wheat?

Mr. FARRINGTON. We are buying some currently; yes.

Senator TAFT. When you buy that for feed wheat do you expect to take a loss on it?

Mr. FARRINGTON. Yes, sir.

Senator TAFT. How much of a loss?

Mr. FARRINGTON. We are now having a loss of 35 to 40 cents a bushel.

Senator TAFT. So that that program alone would cost \$35,000,000?

Mr. FARRINGTON. Yes, sir.

Senator TAFT. Up to date. Is there any necessity to continue that, from the standpoint of requirements of feed?

Mr. FARRINGTON. We have been reducing the sales just as rapidly as we possibly can, and we are now selling from ten to twelve million bushels a month, whereas a year ago we were selling about 50,000,000 bushels a month, but there is still a very great demand for the wheat, particularly throughout the eastern—the Northeast and the Southeast and then in the far West. Those areas are demanding wheat, one big reason being that there is not enough mill feeds—that is bran and shorts—to supply the mashers for dairy feed and poultry feed.

Senator BANKHEAD. If you didn't have an adequate feed and wheat supply, would that affect the production of livestock?

Mr. FARRINGTON. It would have. In my judgment, if in the last 2 years we hadn't had wheat to carry out the livestock program, there would have been very serious and wasteful liquidation of livestock herds, and the total production would have been substantially less.

Senator BANKHEAD. The over-all, then, has been a great financial advantage?

Mr. FARRINGTON. I believe, Senator, that it has been a——

Senator TAFT. I don't quite see how you can figure it is a financial advantage. It might be a benefit, an advantage to——

Mr. JONES. Due to the values of livestock.

Mr. FARRINGTON. In terms of the increase in the production of livestock products and what that has meant in being able to carry out the——

Senator TAFT. Yes, but the feeding men would not feed then at its regular value. They feed it at the price you sell it to them at. Of course it is a subsidized value.

Mr. FARRINGTON. They would probably have liquidated the herds.

Senator TAFT. Yes, that is true. But what I mean, it doesn't have any——

Senator BANKHEAD. Feed wasn't as available.

Senator TAFT. You can't get back your \$130,000,000. You get the cattle that is worth something—that had a dollar of corn in it, I mean.

Mr. FARRINGTON. That was speaking in terms of the national good.

Senator TAFT. I mean there is no financial advantage.

Mr. FARRINGTON. No.

Senator BANKHEAD. Of course, it is a national asset, too.

Senator TAFT. You can increase the production by the Government taking a loss on feed, except you would have the wheat which would be worth more if you had kept it, presumably, instead of feeding it. I can't see any financial advantage.

Mr. FARRINGTON. Well——

Senator TAFT. If you have to have the livestock, why, maybe the Government should help produce it at an uneconomic price, in an uneconomic manner, but it can't possibly be said to be a wise financial program.

Mr. FARRINGTON. Well, it has been a loss to Commodity Credit Corporation as far as our books go, but it certainly has meant an increased supply of these livestock products.

Senator TAFT. Well, do you think—can we get rid of it?

Mr. FARRINGTON. We are reducing it just as quickly as we can, and we have both been cutting down on the sales and we have increased the price somewhat in recent months. It is gradually being eliminated.

Senator TAFT. At 10,000,000 bushels a month; however, it will still cost us——

Mr. FARRINGTON. Three and a half million dollars.

Senator TAFT. Yes; four hundred million dollars.

Mr. FARRINGTON. Four million a month.

Senator TAFT. Yes; but I mean for the year it will cost us——

Mr. FARRINGTON. No.

Senator TAFT. Let's see. Ten million bushels. Four. About four; three and a half million a month. That's right.

Mr. FARRINGTON. Yes.

Senator TAFT. It would cost around \$40,000,000.

Mr. FARRINGTON. About \$40,000,000.

Senator TAFT. A year.

Mr. FARRINGTON. Yes.

Senator TAFT. Of course, to a certain extent, when it started wasn't it in order to get rid of a surplus of wheat?

Mr. FARRINGTON. When it started there were two objectives. One was to maintain the livestock increase; and (2) to reduce the surplus of wheat, to free the warehouses for other purposes. You see, we had a carry-over of more than 600,000,000 bushels, both in '42 and '43, and that is at least three times the normal carry-over of wheat.

Senator BANKHEAD. That was a threat based on depreciation; we lost a great deal of wheat.

Mr. FARRINGTON. We would have lost wheat, and the elevator situation was very critical because——

Senator TAFT. Well, that situation is over, that part. That justification for the program is finished.

Mr. FARRINGTON. Yes; during the past year the elevator situation, as far as grain elevators are concerned, has not been a serious problem. The transportation has been serious. As far as the elevators are concerned, provided you can get cars to take the stuff away from the elevators, the elevators themselves have been able to handle the crops.

Senator TAFT. Is this wheat you buy the poorest grade of wheat?

Mr. FARRINGTON. We try to sell the poorest; that is, the lower grades. We sell good sound wheat, but it is always of the lower grades. If we have the lower grades, we sell that wheat. We sell 3- and 4- and 5-grade wheat for feed insofar as possible.

Senator TAFT. You don't process it at all?

Mr. FARRINGTON. No, sir. We sell it to others who can grind it and then sell the ground wheat, or quite often it is sold to the mixer who grinds it and then puts it into his feeds.

Senator TAFT. Is this feed at a dollar a bushel better, or better feed than corn at the price, or what would you say?

Mr. FARRINGTON. Well, we have had a very interesting experience on that. Two years ago, when we started putting it out, the farmers didn't know much about using it and thought that it wasn't good feed, but in the last few months as we have been trying to cut down on the sales of feed wheat we have had lots of appeals saying that they just can't possibly get along without wheat for feed, that it makes much better feed than corn. It is a very good feed, and the farmers that have been using it feel that it is.

Senator TAFT. Why don't you try raising the price a little?

Mr. FARRINGTON. We have been raising the price.

Senator BANKHEAD. How do the proteins in the two, corn and wheat, compare?

Mr. FARRINGTON. There is a higher percent of proteins; the wheat will run 13, 14 percent, and the corn——

Senator BANKHEAD. Higher than corn?

Mr. FARRINGTON. No; the corn will run 8 to 10 percent.

Senator BANKHEAD. Yes.

Mr. FARRINGTON. The wheat has about 12 to 15.

Senator BANKHEAD. Corn is higher than wheat, then?

Mr. FARRINGTON. Wheat has from 12 to 15 percent proteins, whereas your corn has from 8 to 10 percent protein.

Senator BANKHEAD. Wheat is higher, then?

Mr. FARRINGTON. Wheat is higher in protein; yes, sir.

Senator TAFT. Now, is there any serious shortage of feed today? Other feed?

Mr. FARRINGTON. The feed situation is very much improved from a year ago. The protein situation is just about on an even balance. On feed grains generally we are on a pretty good balance, but we have had a serious problem in the case of corn. With so much of this high moisture and shortage of cars it is impossible to get the kind of distribution yet to supply the needs of all areas, and that is one of the main reasons why we have had to continue the wheat feed program through this——

Senator TAFT. Do you hope to discontinue the——

Mr. FARRINGTON. That plus the shortage of mill feed—shorts and bran. You see, we have greatly stepped up our livestock production. The grinding of wheat in our mills has not stepped up percentagewise as much, and therefore we haven't had as much bran and shorts as offal from the flour mills in proportion to our increase in livestock, and therefore there is a real need for this ground wheat to supplement our supplies of mill feeds.

Senator TAFT. It isn't just that you like it now and want a cheap feed?

Mr. FARRINGTON. Well, some of both; Senator. Some of both.

Senator TAFT. What about the export wheat? How much of this billion-dollar crop will be exported?

Mr. FARRINGTON. We are not in a position to say what that will be. It depends a lot on how much shipping is made available for hauling wheat during the remainder of this wheat year.

Senator TAFT. How do you export it? By selling to Lend-Lease or——

Mr. FARRINGTON. At the present time nearly all of the wheat that is going out as grain is going out through the military, taking it to liberated areas.

Senator TAFT. You are selling it to the Army, then?

Mr. FARRINGTON. Yes.

Senator TAFT. Selling it to the Army?

Mr. FARRINGTON. We are selling it to the Army; yes, sir.

In addition, there is quite a little flour going out on a commercial basis. That will amount to probably 25 or 35 million bushels.

Senator TAFT. What about lend-lease? Where do the British get their flour?

Mr. FARRINGTON. They get most of it from Canada, sir. Mostly from Canada.

Senator TAFT. We are not selling much to them?

Mr. FARRINGTON. Not much. They are taking some, I believe.

Mr. MAYCOCK. Yes.

Senator TAFT. Is there any subsidy involved in our export wheat?

Mr. FARRINGTON. Not on lend-lease or military.

Senator TAFT. How about on commercial wheat?

Mr. FARRINGTON. On the flour exports at the present time under the provisions of the Surplus Property Act we have a program under which we are making wheat available for manufacture into flour for export at a price 34 cents per bushel below the domestic price.

Senator TAFT. So we are subsidizing the export of wheat?

Mr. FARRINGTON. Of flour.

Senator TAFT. Of flour, I mean.

Mr. FARRINGTON. Yes, sir. We did have——

Senator TAFT. At 34 cents a bushel or equivalent?

Mr. FARRINGTON. Yes, sir; 34 cents a bushel. That's the equivalent.

Senator TAFT. How much is that going to amount to this year? Have you any idea? Can you form any estimate of it?

Mr. FARRINGTON. It is very hard to tell. That was started on November 15, following the enactment of the Surplus Property Act. Up to date there has been a little over 6,000,000 bushels exported under that program as flour.

Senator TAFT. Does the Commodity Credit Corporation take the loss?

Mr. FARRINGTON. Yes, sir. Now, that is at the rate of about 3,000,000 a month, and if it——

Senator BANKHEAD. Where is that flour going?

Mr. FARRINGTON. It has gone largely to the Central and South American countries and Caribbean area. Cuba has been the biggest taker.

Senator TAFT. That gets wheat down to a dollar, practically, doesn't it?

Mr. FARRINGTON. No, sir. No, no. Wheat at the Gulf is around \$1.75 a bushel right now. So that puts it about \$1.40; and at New York it is higher, around \$1.80 to \$1.85 a bushel. Sold off the east coast, that means around \$1.45 to \$1.50.

Senator TAFT. I see. Wheat is selling well above the parity?

Mr. FARRINGTON. Well, no. There is——

Senator TAFT. Is it or nôt?

Mr. FARRINGTON. No.

Senator TAFT. Is there that much difference between the farm——

Senator BANKHEAD. Freight.

Mr. FARRINGTON. Yes; the freight and handling charges account for the indicated difference between the farm price and the seaboard price.

Senator TAFT. 35 cents, from \$1.50 to——\$1.50 to \$1.75?

Mr. FARRINGTON. The average farm price now is around——

Senator BANKHEAD. \$1.55.

Mr. FARRINGTON. Around \$1.45.

Senator TAFT. \$1.45.

Mr. FARRINGTON. And it will take just about 40 cents to put that at the port, of the kinds that would be exported.

Senator TAFT. What about this flour subsidy? Who pays that? That is not your affair, is it? That is, the R. F. C. pays its other flour mills?

Mr. FARRINGTON. The R. F. C. pays the subsidy on domestic flour production; yes, sir. For January that is at the rate of 23 cents a bushel in most of the country, 27 cents out on the Pacific coast.

Senator TAFT. Have you any idea how much that is costing them?

Mr. FARRINGTON. I don't have any of their exact figures, but I think the consumption is running at the rate of 45 to 50 million bushels a month; so if it averages 24 cents and you had 50,000,000 bushels, you would have about \$12,000,000 a month.

Senator TAFT. \$12,000,000; a hundred and forty-four million a year on that alone.

Mr. FARRINGTON. Well, that's a top figure, Senator, because the rate has been increasing. It was much lower during the summer. In fact, there was some flour produced during the summer that didn't have any subsidy payments.

Senator TAFT. How do they do that? To whom do they pay their subsidy?

Mr. FARRINGTON. To the flour miller, based on his production of flour.

Senator TAFT. Does he have to pay a certain price to the farmer in order to get that?

Mr. FARRINGTON. No, sir. They handle that the other way around; they base the subsidy on the difference between the market price of wheat and the reflected ceiling price of flour, so that the subsidy changes as the market price of wheat changes.

Senator TAFT. In other words, the Price Administrator fixes a price for flour?

Mr. FARRINGTON. They fix the ceiling price for flour; yes, sir.

Senator TAFT. And then if they had to pay \$1.75 for wheat, why, nobody could operate a mill?

Mr. FARRINGTON. That is correct.

Senator TAFT. So they pay them a subsidy so they can pay these prices that are current for wheat; is that correct?

Mr. FARRINGTON. That is right.

Senator TAFT. I am not surprised that you would rather not have the Appropriations Committee look at the size of these figures.

They don't mean so much to us, but they mean something to the Appropriations Committee. That is one reason we intended to send them to the Appropriations Committee.

Mr. FARRINGTON. If I may resume my statement:

The loss on the sale of feed wheat to our livestock producers has averaged about 35 cents a bushel. This program accounts for nearly one-fourth of all the losses by the Corporation on all commodities during the war period but the use of wheat for feed has helped in stabilizing feed prices and has been an important factor in getting the large increase in the production of livestock and livestock products necessary to meet military, civilian, and lend-lease requirements during the war period. The contribution of the feed wheat to the livestock production program can hardly be overestimated. During part of 1943 and 1944 many feeders and feed mixers depended largely upon wheat for use as a feed grain. Had they not been able to get feed wheat there would have been a much more rapid and wasteful liquidation of livestock on many farms. Both the purchases and sales of feed wheat have been sharply reduced this season. The Corporation now owns about 85,000,000 bushels of wheat. Sales are currently being made to livestock feeders, to the Army, and the Foreign Economic Administration for shipment abroad, and some high protein wheat is being sold to domestic flour mills.

The Surplus Property Act of 1944 authorized Commodity Credit Corporation to export or cause to be exported surplus agricultural commodities at competitive world prices. Sales of wheat and wheat flour under this authorization have totaled an equivalent of 5,700,000 bushels of wheat since last November 15, when the program was inaugurated. The bulk of the export has been wheat flour.

If there are no further questions on wheat:

The Corporation is operating loan, purchase, and sales programs on cotton this season. In the case of cotton, as you know, the crop this year totaled 12,400,000 bales; the carry-over in addition was about 10,600,000 bales, making a total supply of about 23,000,000 bales. Domestic mill consumption is running at an annual rate of about 9,500,000 bales. Exports—principally under lend-lease—are at the rate of, say, a million and a half. So that we may have next August as many as 12,000,000 bales on hand. The 1945 goal calls for about the same cotton acreage as the 20,356,000 planted in 1944.

The loan rate on the 1944 crop cotton averages 20.03 cents per pound gross weight for Middling $\frac{7}{8}$ -inch cotton; that is based on 95 percent of parity as of August 1, as compared with 18.41 cents per pound last year—based on 90 percent of parity.

Through January 20 a total of 1,877,428 bales of 1944 crop cotton had been put under loan. Loan stocks of 1943 and 1944 cotton held by the Corporation on that date totaled 3,516,344 bales. About 1,500,000 bales of 1941 and 1942 cotton in addition were being held in pools under producers' loan accounts. And then the Corporation is also buying 1944 crop cotton from producers at prices averaging approximately parity. Purchases through January 20 totaled 1,158,814 bales. Stocks, of all crops, owned by the Corporation on January 20 totaled about 3,350,000 bales. Loan, pooled, and owned stocks of the Corporation as of January 20, 1944, therefore totaled about 8,300,000 bales.

Senator TAFT. 8,300,000?

Mr. FARRINGTON. Yes, sir.

Senator TAFT. Is that the record amount that you have stored?

Mr. FARRINGTON. No, sir; we have had more.

Senator TAFT. I thought I remembered 6,000,000 and this would be around 3,000,000.

Mr. FARRINGTON. I think it was 11,000,000 at one time, but it is an increase over last year.

Senator TAFT. I think when you give us a statement up to date it would be well to have that in it. I remember the former statement for the previous years showed the different commodities owned and the commodities on which loans were made.

Mr. FARRINGTON. Yes.

Senator TAFT. Will you have that in the statement that you are going to produce later on?

Mr. FARRINGTON. We have such a statement and we can put it in the record.

Senator TAFT. We have always had it in the record.

Mr. FARRINGTON. We will be glad to see that it is put in the record.

Senator TAFT. How rapidly are you selling your cotton?

Mr. FARRINGTON. Under the commercial export program by which the Corporation has been making cotton available for export at prices 4 cents a pound below prevailing domestic market prices since November 15 last, the registered sales through January 20 totaled 158,579 bales, and sales by the Corporation under the program amounted to 101,366 bales.

Senator TAFT. That is more or less an intangible condition, one that you cannot evaluate very definitely except that it is very small, negligible in size? Do you expect a larger export later on?

Mr. FARRINGTON. In addition to that, we are making some lend-lease sales.

Senator TAFT. Do you expect a larger export than that?

Mr. FARRINGTON. The commercial exports are just beginning to be reestablished in volume.

Senator TAFT. You have no idea how much that subsidy will cost you on the 4 cents?

Mr. FARRINGTON. Of course, it all depends on the volume. This year it is not going to cost a whole lot, because a large part of the export this year will be lend-lease export, if it is a million bales, which I do not believe it will be, it will cost us about \$20,000,000.

Senator TAFT. Where does it go to?

Mr. FARRINGTON. Lend-lease cotton has been going largely to Great Britain, but recently some has gone to France.

Senator TAFT. Lend-lease pays you the full price for it?

Mr. FARRINGTON. We get the full price for it; yes.

In the case of corn, farmers produced a record crop of corn in 1944—3,228,361,000 bushels. The carry-over in addition was 218,000,000 bushels. Feeding demand for corn is more this season than last, with the result that larger quantities are being put under Government loan.

The carry-over at the end of the season is expected to be substantially larger than on October 1, 1944. The loan rate on 1944 crop is 90 percent of parity, averaging nationally 98 cents a bushel, having been increased from 85 percent of parity, averaging 89 cents a bushel last season. Through January 6, about 1,500,000 bushels have been

put under loan. The 1945 crop goal calls for a small increase in corn acreage above the 98,722,000 acres planted last year.

The War Food Administration announced on January 9 an offer to buy 50,000,000 bushels from farmers, the corn to be held in farm cribs and delivered to the Corporation during the summer months at applicable ceiling prices for corn grading No. 3 or better, and at market prices for corn grading below No. 3. This stock pile is being set up as an emergency reserve against the future needs. The corn is being bought in areas where there is a surplus above local needs; principally from farmers who marketed corn last season in response to a War Food Administration request for increased marketings to meet the needs of processors applying corn products to essential war industries.

Senator BANKHEAD. Do you buy that directly from the farmer?

Mr. FARRINGTON. It is bought in many ways. Last year, as you know, we did have considerable difficulty in getting corn.

Senator BANKHEAD. Did you have a strike of the farmers?

Mr. FARRINGTON. No; I do not think that would be quite a fair description of it. There were quite a lot of factors involved.

Senator BANKHEAD. It was a sit-down strike, it was a time when there was no sale.

Mr. FARRINGTON. They sold a lot of corn last year and they reduced their carry-over during last year, but it did not come out as fast as the people wanted it.

Senator TAFT. This wheat and corn, you do not expect to lose on it?

Mr. FARRINGTON. There are no losses on the corn now. Of course, we did have a loss on some of the purchases last year, a small loss, because we had to absorb the shelling cost.

Senator TAFT. Your idea when you buy it is that you will not lose on it when you sell it?

Mr. FARRINGTON. That is correct.

In the case of tobacco, farmers produced a year record crop of 1,835,371,000 pounds of tobacco in 1944. Of this total, the yield of cigarette types flue-cured burley, and southern Maryland, was a record 1,603,726,000 pounds. The goals for 1945 called for a further increase in planted acreage of all types. The Corporation offers loans at 90 percent of parity on burley, fire-cured, and dark air-cured tobacco, and is buying, at market price flue-cured, fire-cured, and dark air-cured tobacco for lend-lease and cash sale abroad. About one-third of the Commodity Credit Corporation's purchases are furnished foreign governments under lend-lease to satisfy their military requirements, and two-thirds was sold to them for cash to be used in supplying civilian requirements.

This season through January 13, 1945, the purchase of flue-cured tobacco totaled 336,500,000 pounds at an average price of about 43½ cents per pound. These purchases equaled 28.9 percent of farmers' gross sales on flue-cured markets. Stock owned by the Corporation on January 1 totaled approximately 256,300,000 pounds net packed weight of flue-cured, 900,000 pounds net packed weight of fire-cured, 300,000 pounds of dark air-cured, and 12,000,000 pounds of burley tobacco.

Loans outstanding on that date consisted of 2,600,000 pounds of fire-cured tobacco.

Senator TAFT. Do you have any export subsidy on tobacco?

Mr. FARRINGTON. No. We do not have any export subsidy on tobacco.

Senator TAFT. In connection with the corn program I understand we are going to be furnished with some figures on that.

Mr. FARRINGTON. Yes.

Another product that we are dealing in is wool.

During the last 2 years, the Corporation has been supporting the prices of domestic wool so as to maintain production at the highest possible level for military and civilian needs, and to protect our producers against the pressure of foreign wool which had been acquired early in the war when it appeared that imports might be reduced.

The wool is bought from growers and secondary handlers on the basis of official appraisal by a committee of experienced wool men, and from which the seller has the right of appeal if dissatisfied with the value placed on his wool.

The price paid the producer is the ceiling value established by the Office of Price Administration for the particular grade, type, and quality of wool, less specified transportation and marketing charges.

All wool acquired in connection with the program is offered for sale at its appraised value to manufacturers for war and civilian use.

The program is operated through agreements with established wool dealers and cooperative associations designated as handlers to purchase, store, handle, and sell wool for the account of the Corporation.

Wool pulleries acting in a similar capacity also sell their production of wool to the Corporation.

Country merchants or local buyers designated as secondary handlers buy small lots of wool for cash, with the requirement that such wool be accumulated and delivered to primary handlers for resale to the Corporation. The mark-up on these purchases is limited to the rates customarily prevailing for the handling of wool on a consignment basis.

From the beginning of the program through December 31, 1944, the Corporation bought 577,094,650 pounds of wool under this program. Sales during this period totaled 279,180,872, and the stocks remaining on December 31 totaled 297,913,778 pounds.

As of that date, the sales equaled 48 percent of the total purchases. Sales of 1943 wool approximated 55 percent of the purchases, and sales of 1944 wool were about 42 percent of the purchases. It is expected that the Corporation will buy about 350,000,000 pounds of 1945 wool during the current year.

Senator TAFT. There are no sales which require any wool support price so far?

Mr. FARRINGTON. There has not been any subsidy so far, Senator Taft. We have acquired a little less than 600,000,000 pounds and have sold just about half of that, so I do not know what the ultimate result will be.

Senator TAFT. Your purpose is not a subsidy there, but the purpose is to sell it at the price you paid for it?

Mr. FARRINGTON. Yes.

Senator TAFT. Let me ask you this: What does it mean where you have this estimated increased figure in here of \$87,000,000? What do

you need the \$87,000,000 for? Is that to buy more wool, or do you need to support the price of wool? Just what is the purpose of it?

Mr. FARRINGTON. That would be an increase in inventory.

As of now we have approximately 300,000,000 pounds, not quite, and if the program goes on through and operates as we expect it to, the inventory is going to increase steadily.

Senator TAFT. So you have found that you will have to have \$87,000,000 more in order to buy the wool?

Mr. FARRINGTON. Yes, we will, if we do not sell it off as fast as we buy it.

Senator TAFT. This \$87,000,000, it does not mean that you are going to support the price, but that just you are going to buy more wool.

Mr. FARRINGTON. It means an increase in inventory.

Senator TAFT. More money with which to hold the wool.

Mr. FARRINGTON. That is correct.

Senator TAFT. Going back on this same list to cotton.

Mr. FARRINGTON. Yes.

Senator TAFT. \$331,000,000, I believe it is, more that you want for cotton. You say that you have 8,300,000 bales. What is this \$331,000,000 for?

Mr. FARRINGTON. That would be primarily for the 1945 crop.

Senator TAFT. But won't these other loans be coming in?

Mr. FARRINGTON. There will be some liquidation, but we expect an increase of about a million and a half bales in the carry-over, and that will force us to an increase in our stock.

Senator TAFT. This \$331,000,000 for cotton is an estimate of the additional carry-over?

Mr. FARRINGTON. It would be about that.

Senator TAFT. Money you need for the additional cash cotton that you purchase over the 8,300,000 bales?

Mr. FARRINGTON. That would be the net condition. The cost would be about that. That is as of December 31, at that time, and during the month just preceding that also, we accumulate cotton, and it is after we get past December that our liquidation becomes heavier.

Senator TAFT. You figure at the end of the year 1945 you will have 371,000,000 bales?

Mr. FARRINGTON. No. We will need \$331,000,000.

Senator TAFT. In other words, \$331,000,000 worth of cotton under storage or under loan in addition to what you have now? In other words, in excess by \$331,000,000?

Mr. FARRINGTON. It is just about that.

Senator TAFT. Is this \$331,000,000 a sum which includes any export?

Mr. FARRINGTON. There will be a lot of loan cotton there that will be redeemed before the end of the year, December 31 is almost the peak of that.

Senator TAFT. That is the net figure, and this will be sold but the carry-over you think will be more?

Mr. FARRINGTON. Yes; I think so.

Senator TAFT. Does that include any allowance for export sales, this \$331,000,000?

Mr. FARRINGTON. No losses on export. No, we have a separate item for that.

Senator TAFT. That is not included in this item?

Mr. FARRINGTON. It is included in a different one.

Senator TAFT. Is that somewhere here, is that in this list, or elsewhere?

Mr. FARRINGTON. That is just below the cotton figure.

Senator TAFT. Commodity export, \$75,000,000?

Mr. FARRINGTON. Yes.

Senator TAFT. That is intended to cover the subsidy on wheat and cotton.

Mr. FARRINGTON. Yes.

Senator TAFT. And on corn, \$55,000,000?

Mr. FARRINGTON. There would be an increase in inventory.

Senator TAFT. Of that item?

Mr. FARRINGTON. Yes.

Senator TAFT. On wheat, \$371,000,000. What is that for?

Mr. FARRINGTON. That would be an item that involves the wheat we will take over within or out of the 1944 crop, and that is all of the 1945 crop loan.

There will be some additional out of the 1944 in that figure, and all of the 1945 loan, as we will complete the 1945 wheat loan as of December 31.

Senator TAFT. Do you expect 251,000,000 more bushels?

Mr. FARRINGTON. There will be a feed wheat loss.

Senator TAFT. Is it included in the 371,000,000?

Mr. FARRINGTON. Yes.

Senator TAFT. Can you tell me exactly why you think you will have that much more wheat than you have now?

Mr. FARRINGTON. That is from October 31, 1944, through December 31, 1945. There was still some 1944 wheat coming into that picture, or will come into it. As of October 31, 1944, our owned and loan stocks of wheat totaled about 250,000,000 bushels, and we estimated that by December 1945 our owned and loan stocks may be increased by about 200,000,000 bushels, which would require about \$300,000,000. The estimated financial requirements also include \$71,000,000 for losses on wheat.

Senator TAFT. How much on the October 31 basis, all kinds, loans and so forth?

Mr. FARRINGTON. About 250,000,000 bushels—263 to be exact.

Senator TAFT. Two hundred and sixty-three. And you think you will need another \$200,000,000 on December 31, 1945, then you will have at that time four-hundred-odd million more bushels of wheat?

Mr. FARRINGTON. Yes; assuming a good production.

Senator TAFT. How much of this item is for feed wheat losses? Have you got that separated?

Mr. FARRINGTON. No separation on that.

Senator TAFT. You have a figure here of \$10,000,000 and another figure here of \$40,000,000.

Mr. FARRINGTON. It would be something less than that because the quantity is going down.

Senator TAFT. That would still leave 331,000,000.

Mr. FARRINGTON. Yes.

Senator TAFT. It would represent 200,000,000 more additional bushels of wheat over 263?

Mr. FARRINGTON. Yes.

Senator TAFT. So you would have 463?

Mr. FARRINGTON. That is right. We will probably have around 150,000,000 or 175,000,000 from this crop.

Senator TAFT. Does that have in consideration the fact that you may have a very substantial export to feed Europe, or anything like that?

Mr. FARRINGTON. Yes; but there would still be a great deal. We can export around 100,000,000 bushels this year and still have about 400,000,000 carry-over.

Senator TAFT. You will have practically all the carry-over.

Mr. FARRINGTON. We will probably have close to half of the carry-over on July 1.

Senator BANKHEAD. What carry-over do you have there as of last year?

Mr. FARRINGTON. Three hundred and fifteen million.

Senator BANKHEAD. And you will have about the same this year?

Mr. FARRINGTON. Yes; or slightly more, Senator.

Senator BANKHEAD. Did you have more this year than the year before?

Mr. FARRINGTON. We are using a little bit more for flour but using a considerable amount less for feed and alcohol. The net disappearance will not be as great this year as last year.

Senator TAFT. I do not quite see how we are ever going to cut it down. I do not quite see where this program is leading us in these acquisitions of wheat and cotton.

If there is not a sufficient demand for war, we certainly cannot feel that there is going to be a demand after the war so that we can use it up. I do not see where we are going to be able to stop, and it seems to me we are just going to build up to an indefinitely large figure if this thing keeps on going through on this general theory. It will simply pile up and up.

Mr. FARRINGTON. If more shipping were available the exports of wheat would be substantially greater than they have been so far.

There is a good demand to be filled, which, when we can take care of it will pull down the carry-over, but what the long-time outcome will be I would not be in a position to say.

Senator TAFT. Shipping is limited for Argentina, and they will have a large surplus to sell just after the war; and the same thing is true for India.

Mr. FARRINGTON. Argentina—exports from Argentina are very small at present.

Senator TAFT. They are piling up more?

Senator BANKHEAD. I think, Senator Taft, in my opinion, a very few months after the war ends there will be a terrific demand for wheat, because there is no surplus of wheat anywhere in the world except here, and perhaps Canada. It is simply a matter of getting the shipping and the surplus will disappear.

Senator TAFT. We have the situation in Argentina to consider, also in India.

Senator BANKHEAD. They are not exporting very much now. I do not know where we are going to get the money to pay for it, but they are going to have to get the wheat, because it is essential.

Senator TAFT. It is necessary.

Senator BANKHEAD. The end result at the termination of this war is that there will be a world-wide demand for the basic food, wheat.

Senator TAFT. I hope it will be sufficient. On the assumption that the war is going to run on to the end of 1945, just as it is, that will be one thing; if the war ends sooner than that, and shipping becomes available, I should think that that would be a better situation. We would like to get rid of most of the wheat before the end of 1945.

Senator BANKHEAD. We want to get rid of it as fast as we can.

Mr. FARRINGTON. This year, just like last year, we will have a good size wheat program which we will have to have funds to cover.

As was indicated this morning in the case of oilseeds, before the war we imported from 10 to 15 percent of our total fats and oils requirements with a substantial part of these imports coming from the Far East. With the outbreak of war these imports were largely cut off, and it became necessary for us to make available substantial quantities of fats and oils for our allies.

This shift from an import to an export basis made necessary an increase of more than 2,000,000,000 pounds in the production of fats and oils in the United States.

A substantial part of this increase has been provided through the increase in the production of vegetable oils in this country. In order to get this increase in production, price supports were announced providing for substantial increase in prices to producers of soybeans, peanuts, and flaxseed.

In the case of soybeans, production of soybeans during each of the last 3 years, that is, 1942, 1943, and 1944, has totaled almost 200,000,000 bushels, which is approximately three and a half times the 1935-39 average production.

The support price for 1944 crop soybeans is \$2.04 per bushel for green or yellow grading No. 2 or better, with a 14-percent moisture content.

Premiums are provided for lower moisture content, and discounts are provided for lower grades.

This support price compares with an average farm price of 95 cents per bushel during the 5-year period 1935 to 1939, inclusive.

Loans at the support-price level are available to producers and, where necessary to provide a market, Commodity Credit Corporation purchases soybeans direct from purchasers through local communities of the Agricultural Adjustment Agency, or from elevator operators who have paid not less than the support price to producers.

The major part of the price-supporting operations, however, is carried out through contracts with processors.

These contracts provide, among other things, that the processor shall pay producers not less than the specified support prices. The soybeans purchased by processors are, in turn, sold to Commodity Credit Corporation at the support-price level, and then repurchased by the processors at prices based on the oil and meal outturn value of the soybeans, taking into consideration the processor's equipment and the oil content of the soybeans as determined by chemical analysis, less a specified margin applicable to the processor's equipment and daily production capacity.

It is expected that about 140,000,000 bushels of 1944 crop soybeans will be crushed, involving losses to Commodity Credit Corporation

varying from 15 to 40 cents per bushel, and averaging around 30 cents per bushel.

The soybean production goal for 1945 calls for about the same acreage as in 1944, and it is proposed that prices be supported at the same level and in the same manner as for the 1944 crop.

Senator TAFT. That cost per year is about \$40,000,000 on soybeans?

Mr. FARRINGTON. Depending on how much is crushed and the process used.

Senator TAFT. That, as far as I know, has not come into the discussion here. You do not have any ceilings on that?

Mr. FARRINGTON. Yes; meal and oil ceilings are now in effect and those ceilings determine the value of soybeans.

Senator TAFT. There always is an alternative on the part of the War Food Administration of raising the price and paying less subsidies or no subsidies at all. There is always the possibility in every one of these cases, almost every one of them? As a rule, they are under ceilings, but you could raise the ceiling.

Mr. FARRINGTON. Of course, on soybeans like many other crops, we have a number of operations.

For example, not all the soybeans are sold at a loss. For those that are sold in export, we take no loss. Then soybeans used for the production of flour, we take no loss—the processor has to pay us the full price.

Where it is used for the production of oil and meal we do have a loss, in every case on the basis of the present ceiling, but the loss varies with the location and type of plant. Some plants we have a loss of as little as 15 cents, and others run very much higher.

Senator TAFT. Why?

Mr. FARRINGTON. We have to use all types of facilities available, in order to get the crop crushed.

Senator TAFT. You mean you subsidize some producers more than others because of less efficient operation?

Mr. FARRINGTON. Yes, sir. You see, the reason is that they developed a process of extraction which will take one and a half pounds to 2 pounds more of oil out of a bushel of soybeans than the old method, and you get more value out of the soybeans under this different method than you could with the older type of plant.

We have taken that into account in determining the price at which we will sell soybeans.

Senator TAFT. In effect, you are really regulating the profits of all these soybean mills?

Mr. FARRINGTON. It is adjusted somewhat to the efficiency of the plant. We have a formula for determining the price at which the Corporation will sell soybeans to each type of plant, but each plant may make more or less depending on efficiency, as compared with the standards used in arriving at the formula price. In other words, all plants of a given type have exactly the same formula, and some will make more than others, depending on whether they are more or less efficient than the average of that group.

We do not adjust the price for the individual plants to take care of their individual financial position. It is adjusted to the type of plant and the location of the plant. Then, the individual plant makes profits greater or less or the same, depending upon the efficiency of their operation.

Senator TAFT. What about cottonseed?

Mr. FARRINGTON. In the case of cottonseed, we have a program under which we offer to buy certain products of the cottonseed mills, and they in turn agree to buy and pay not less than an announced price. It is \$56 per ton in most States that they pay to the person that ships to them in lots of 5 tons or more.

Senator BANKHEAD. What does that show to the farmer as a return?

Mr. FARRINGTON. About \$53, average.

Senator BANKHEAD. That would almost pay for the ginning and other expenses of that sort?

Mr. FARRINGTON. The mill pays \$56 in lots of 5 tons or more, and it would net the farmer around \$53, the \$3 representing an amount about equal to the normal ginner's spread.

Senator TAFT. How much of a loss?

Mr. FARRINGTON. We have no loss on that particular program.

Senator TAFT. There is no subsidy on cottonseed?

Mr. FARRINGTON. No.

Senator TAFT. What about peanuts?

Mr. FARRINGTON. As to peanuts, farmers picked and threshed this season a crop of more than 1,000,000 tons of peanuts. This quantity is about double the pre-war production. Production has been increased greatly during the last 3 years in response to price-support programs which assure farmers a fair return for their total crop. In developing the program for peanuts it was necessary to take into consideration three different types of uses of peanuts, with ceiling prices for each type of use reflecting different prices to producers.

In order to meet this situation, Commodity Credit Corporation has made contracts and has, through contracts with shellers, crushers, seed dealers, and producer cooperative associations, purchased the entire crop offered for sale by producers in 1943 and 1944.

Prices to growers have been supported at a uniform level regardless of the use to be made of the peanuts.

In reselling the peanuts, the Corporation has varied the price with the use to be made of such peanuts. The average support price in 1944 was approximately \$160 per ton to producers. In reselling these peanuts, however, the Corporation is realizing an average of about \$90 per ton for peanuts sold for the production of oil, about \$115 per ton for peanuts to be used in peanut butter, and about 175—that is, from \$170 to \$175 per ton for peanuts to be used for other edible purposes.

In order to facilitate the administration of the program, the manufacturers of peanut butter pay the same price for peanuts as is paid for shelled peanuts going into other edible uses, and a refund or subsidy is paid these manufacturers to equalize the difference in the level of ceiling prices for peanut butter and the ceiling prices for other shelled peanut products.

Senator BANKHEAD. Edible uses include peanut butter, of course?

Mr. FARRINGTON. Yes.

Senator TAFT. I did not get the relationship; is that a profit?

Mr. FARRINGTON. In the case of peanuts used for other edible purposes, it is.

Senator BANKHEAD. What do you pay for the peanuts?

Mr. FARRINGTON. Around \$160 to \$165.

Senator BANKHEAD. And you get \$170 to \$175?

Mr. FARRINGTON. If they are sold for oil, we get about \$90, and if they are sold for peanut butter we get \$115.

Senator TAFT. What do you average on that?

Mr. FARRINGTON. It depends on the proportion going to each use. Our loss this year will probably be in the neighborhood of \$10,000,000 for the entire program, including all the production of peanuts.

Peanuts sold for peanut-butter manufacture, we realize, as I said, around \$115 per ton. We sell it, in the first place, at a higher price and later on make a refund to the peanut-butter manufacturer so that it nets him around \$115 per ton for his cost.

Senator TAFT. You have an item of oilseed products, \$295,000,000. You show, so far, a figure of \$40,000,000 for soybeans and, for cotton, \$10,000,000. What is the rest of it?

Mr. FARRINGTON. These figures represent largely inventory changes.

Senator TAFT. Why should there be any inventory change? Oils are pretty scarce.

Mr. FARRINGTON. It would mostly be in raw materials rather than in the oil. In arriving at the estimated financial requirements with respect to oilseeds from November 1, 1944, to December 31, 1945, it was estimated that approximately \$70,000,000 would be required for subsidy payments and losses for the purpose of maintaining price ceilings during the 14 months' period. The remainder represents estimated increases in loan and owned stocks including about 8,000,000 bushels of flaxseed at \$3 per bushel or \$24,000,000; 50,000,000 bushels of soybeans at \$2.10 per bushel or \$105,000,000; 400,000,000 pounds of oil at 12½ cents per pound or \$50,000,000; 250,000 tons of peanuts at \$160 per ton or \$40,000,000; and 200,000 bales of cotton linters at \$25 per bale or \$5,000,000.

Senator TAFT. Why should there be more a year from now? Two hundred million dollars is a lot of money.

Mr. FARRINGTON. We expect a larger crop of soybeans and a substantially larger crop of flaxseed and loan and owned stocks are normally heavier on December 31, than on October 31.

Senator BANKHEAD. What is the situation about flaxseed? You mentioned soybeans and cottonseed.

Mr. FARRINGTON. In the case of flaxseed?

Senator BANKHEAD. Is that used chiefly for oil?

Mr. FARRINGTON. During the 5 pre-war years 1935-39, the harvested area of flaxseed averaged less than 1,500,000 acres, and the production averaged a little more than 11,000,000 bushels.

Both acreage and production have been stepped up sharply during the war, but the best year was in 1943, when more than 5,800,000 acres were harvested, and the production totaled about 52,000,000 bushels, or nearly five times the pre-war total.

Last year both acreage and production were sharply reduced. This year the goal calls for the planting of 5,000,000 acres.

The price support on 1944 crop flaxseed is based upon \$2.95 per bushel for No. 1 flaxseed at Minneapolis, Chicago, and Portland. The proposed support for 1945 crop flaxseed is \$3 a bushel.

Other inducements to farmers to increase the production of flaxseed this season include the incentive payments recently authorized by Congress, and which are being administered by the Agricultural Adjustment Agency, as well as the insuring of the crop against natural hazards by the Federal Crop Insurance Corporation.

Senator BANKHEAD. At the recent conference of the Banking and Currency Committee in the caucus room a great deal of interest was manifested before the committee, when the committee had this matter before it, and some considerable interest was shown by Senator Shipstead and by Mr. Andrews, particularly in that northwestern area, and also in connection with Texas.

So it seems to be quite a demand in the public interest for increased production of flaxseed.

Mr. FARRINGTON. We are very short on linseed oil just now, and if we are to have the necessary amount available for paint and other uses it is essential that we get a greater production in 1945.

Senator TAFT. May I make a suggestion here—you do not want to go to the Appropriations Committee. Certainly, it seems to me the only difference between coming to the Appropriations Committee, or coming to this committee, is that if you went to the Appropriations Committee, you would have to go into considerable details about it. That is the only reason that I think we are, since you are not going to the Appropriations Committee, equally interested in those details.

If you go to the Appropriations Committee, they will certainly want to know more about this \$295,000,000. They will say to you: What are the details?

I do not know, and I am trying to get the figures. We have \$40,000,000 here on soybeans and \$10,000,000 on cottonseed. Here we have four products—cottonseed, soybeans, peanuts, flaxseed. They are all lumped in one thing, and you say you think that your inventory will be about \$250,000,000 more. Why? And what are those increases? If we are going to do anything here it seems to me that we would have to see what we are doing.

You say now that you need an increase in inventory of about half a billion dollars, and you want us to give you that half a billion dollars but with power to apply it all to the dairy subsidy if you choose to, and you further say that you expect to come back to the Appropriations Committee to make up whatever deficit may occur.

I think you ought to make the same kind of a showing here, if you want us to do that, as you would before the Appropriations Committee.

One reason this was written so was because of our experience last year. The first time somebody came in here the whole subsidy program was going to cost \$250,000,000. The next time they came in it was going to cost \$500,000,000. The following time it was up to \$800,000,000. If we appropriate \$2,000,000,000, as proposed now, it could all be applied to dairy, and you could run out of this \$2,000,000,000 very readily if you used it all up in the first 6 months, and then where would you be?

There is no limit on these subsidy programs, as it seems to me now. It looks to me as if it had gotten up in your case to about, I can estimate it at at least 700,000,000 or 800,000,000 dollars, and then we have the Reconstruction Finance Corporation which will run nearly a billion dollars. So, it has now reached the point where, while a little over a year ago it was said that it would not amount to half a million dollars, now it is to \$1,700,000,000, at that rate.

If we are going to pass on this thing I think we ought to have limits on some of these things very definitely in mind.

We come to the question of this going to the Appropriations Committee, or here, and certainly it does not make any difference to me, if we write in a definite limit, a subsidy ceiling, but it seems to me that we ought to break it down.

You would have to lump some of the commodities, you would not want to have the whole thing listed in detail, but you can break it down into the milk subsidies, and maybe some special things, and then your export subsidies.

However, I think if we are going to handle it in this committee, we ought to be more specific, much more specific than here where you say \$2,000,000,000 that you want to do anything with that you please.

If we can sit down together and work out something, I do not know that I would insist on it going to the Appropriations Committee.

Mr. JONES. We would be glad to sit down with the committee and work out anything that the committee thinks proper.

The corresponding committee of the House has made a study of the Commodity Credit Corporation and has said that they should carry out the wisdom of the House in that regard.

Senator TAFT. My point is that there is a very clear distinction in these figures which I do not see made—I do not say it has been purposely confused—between money wanted to carry stuff inventory, and money used in subsidy.

To my mind that is a very clear distinction. There may be a few border-line cases, but in general I think you can tell the difference.

One is a loss to the Government and in the other we hope we will get it back. It is a distinction that I think certainly should be made.

Mr. JONES. We have no objection to endeavoring to work out, as a matter of fact; of course, if we fall behind we will have to come back for replenishment, and we will have to justify our program.

Senator TAFT. Oh, no, when you go to the Appropriations Committee, by the time you get to them next year, you will have a deficit on these things.

Mr. JONES. A limitation could be put on the program. But I just thought that if we want to get all these various programs at this time, if we had to go at this time to the Appropriations Committee on those individual items, why, it would certainly take a long time. I believe we can save time here.

Senator BANKHEAD. Mr. Jones, before you go there, you have to go to the Budget.

Senator TAFT. You should have been to the Budget. The law requires it.

Mr. JONES. It has gone to the Budget, and they approved, they said there was no objection to our presenting this measure.

This whole thing is geared to this thing. I am perfectly willing to sit down and write in the limitations on it.

Senator TAFT. I do not think \$40,000,000 is too little to take some time about, and sit down and discuss.

Mr. JONES. I am perfectly willing to work out some language which will permit us to carry out our commitments on these perishable crops, when they come on the assembly line and the situation arises, but we must be ready to meet it. You have got to have a definite provision of some kind.

Senator TAFT. We can work out a catch-all provision.

Mr. JONES. Any time the committee wants to do it, I want to work with them, and do whatever the committee wants to do.

I want to say that this morning the same program, fashioned along the same line, came up. There are a lot of programs such as copper and magnesium, which the Defense Plants Corporation links up with the war effort.

Senator TAFT. Copper and magnesium will have to come and get their appropriations.

Senator BANKHEAD. They go to the Reconstruction Finance Corporation.

Senator TAFT. Yes; they go to the Reconstruction Finance Corporation, and they will have to get their appropriation for the copper subsidy. If they are doing something on which there is a fair chance of getting the money back, they should say "We will take a chance on that," but it should be brought before the committee.

Mr. JONES. Your idea about that is that we show on the record the supporting price and on the record the subsidy?

Senator TAFT. I do not think the supporting price has anything to do with it. That just confuses the issue. The question is whether you believe that support price is one on which you will lose money or get your money back.

Mr. JONES. You cannot know definitely in advance.

Senator TAFT. You cannot know definitely, but you have been testifying all day that you know when you do something you expect a loss, and you know when you do something else that there is a reasonable chance of coming out even.

Mr. JONES. I am willing to go along and try to set up a schedule, and incorporate any reasonable limitations that will enable us to carry out the program.

Senator BANKHEAD. I wonder if it would be possible to divide this thing up into categories, let us say, and see if we can put down how much for subsidies and so much for increasing the production of food crops, or whatever it may be, and divide them up and then put down your estimates according to each category. Senator Taft's idea is that you might spend \$2,000,000,000 for dairy subsidies in the first half of the year.

Mr. JONES. I am perfectly willing to put that out in detail. I want to assure you that I do not want to spend any more money than is necessary to get this war production.

I am perfectly willing to sit down and base our estimates on each, if you want to put down the individual items, and say that no more shall be spent for that.

Senator TAFT. My suggestion there would be a definite limit on dairy production, a definite limit on feed-wheat losses, a definite limit on maybe one or two others, and a certain limit for subsidies.

Senator BANKHEAD. That is in line with what I said.

Mr. JONES. We will be glad to go over and try to work out that idea. I believe we can.

Senator BANKHEAD. I think you could work out something on that.

Mr. JONES. I am in perfect accord with the idea that there should be something done so that it can be held down to as low a figure as possible. at least, as several of us feel, that you can get a lump provision that will enable us to work out overs and unders, something

that would take care of the unusual situations. However, if we can handle the proposition as it comes up, that is all we want to do.

Senator TAFT. You can come back here if you have any difficulty. If the situation is not met, we will be here.

Mr. JONES. I think that is a good idea.

Senator BANKHEAD. We will recess until Monday. We will not have any meeting until Monday.

Mr. JONES. Do you want to go into the next discussion now?

Senator BANKHEAD. No. We will continue on Monday.

Senator TAFT. We ought to hear something about the milk subsidy.

Senator BANKHEAD. Let us decide what subjects he wants to take up.

Senator TAFT. I do not think you need to do that. You can prepare a list, break down these things into what will be needed for subsidies and what will be needed in order to handle the program here, but I would like to have some testimony on dairy production.

Senator BANKHEAD. Do you have something on that?

Mr. JONES. Yes.

Senator TAFT. There is something else here, sugar, Irish potatoes, eggs, maybe.

Mr. JONES. Sugar is handled under a special act.

Senator BANKHEAD. I believe, Mr. Jones, that you can get your figures together and at the time these things come up again you can divide these items into these various groups or categories, and then you can have some reasonably flexible formula.

Mr. JONES. We have a meeting before the House committee scheduled for Monday, Senator.

Senator BANKHEAD. Perhaps the House Appropriations Committee will want to consider this thing.

Mr. JONES. The House committee has set a hearing for Monday, and I expect if you want me here, unless I can get excused, I will have to ask them to put it off.

Senator BANKHEAD. I wish you would do that, because I have put this off for 4 or 5 days.

Mr. JONES. I could not get here before today.

Senator BANKHEAD. I think you can take care of that. I would suggest that you ask them to put it off for a couple of days.

Mr. JONES. I do not want to take any longer about this information than is necessary, but do you think you will finish the hearing on Monday?

Senator BANKHEAD. No. You had better take 2 days.

Mr. JONES. I will ask for 2 days.

Senator BANKHEAD. We will have a hearing on Monday, and then we will want to negotiate some, and I think it will consume Tuesday.

Mr. JONES. If they insist, I will have to try to get them to put it over some way.

Senator TAFT. I am in no hurry, because I have meetings on both Monday and Tuesday.

Senator BANKHEAD. I would like to have you here, Senator Taft, for the hearing on Monday if you will be good enough to come.

The committee will meet again at 10 o'clock on Monday, not 10:30.

(Whereupon, at 4:30 p. m., an adjournment was taken until 10 a. m., Monday, January 29, 1945.)

TO CONTINUE COMMODITY CREDIT CORPORATION

MONDAY, JANUARY 29, 1945

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met, pursuant to call, in room 301, Senate Office Building, Senator John H. Bankhead 2d presiding.

Present: Senators Bankhead (presiding), Murdock, Fulbright, Tobey, Taft, Butler, and Buck.

Senator BANKHEAD. The committee will come to order. We will resume our hearing in the matter of the Commodity Credit Corporation, and are ready for the first witness.

STATEMENT OF LT. COL. RALPH W. OLMSTEAD, DEPUTY DIRECTOR, OFFICE OF DISTRIBUTION, DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

Senator BANKHEAD. Are you a colonel in the Army?

Colonel OLMSTEAD. I am a lieutenant colonel.

Senator BANKHEAD. And are assigned to duty with the Department of Agriculture?

Colonel OLMSTEAD. Yes, sir.

Senator BANKHEAD. The committee will be glad to have you make an explanation of the topics in this bill with which you are familiar.

Colonel OLMSTEAD. Thank you, Mr. Chairman.

The President of the Commodity Credit Corporation outlined to the committee last week the duties of the operating agencies of the Corporation. The supply agencies with which I am associated are responsible for assembling all requirements for food, procurement for lend-lease; price support operations relating to commodities other than basic commodities and some subsidies relating to those commodities. We have been engaged in the coordination of all food procurement by governmental agencies since the beginning of the war. Those agencies are taking about \$6,000,000,000 worth of food out of domestic channels of distribution for military and defense aid purposes each year.

Senator BANKHEAD. How much money did you say?

Colonel OLMSTEAD. About \$6,000,000,000 worth of food out of domestic channels of distribution for military and defense aid purposes each year. This wartime export market has with some exceptions been adequate to prevent the accumulation of surpluses and to maintain prices at support levels or higher.

Senator BANKHEAD. On that point and before we get away from it let me ask you this question: Do you know what percentage of agricultural crops the Army and Lend-Lease are taking?

Colonel OLMSTEAD. Roughly, 25 percent. It varies somewhat by commodities.

Senator BANKHEAD. And that is about the same as it was last year?

Colonel OLMSTEAD. Yes, sir.

Senator TOBEY. But that does not include meats.

Colonel OLMSTEAD. Yes, sir; it includes meats.

Senator TOBEY. It includes everything?

Colonel OLMSTEAD. Yes, sir.

Senator BANKHEAD. I imagine they are taking more than that in value. If they are taking \$6,000,000,000 worth of food out of domestic channels of distribution for military and defense aid purposes, it must mean more than 25 percent when you consider a total of \$20,000,000,000.

Colonel OLMSTEAD. The \$6,000,000,000 represents processing costs as well, and some transportation. But the total cost of manufactured commodities taken by these agencies out of the domestic market is that or better. I am not stating the precise figure. I am stating a rough estimate of lend-lease plus military needs.

Senator BANKHEAD. Can you approximate the amount taken by lend-lease as distinguished from the Government itself, the armed forces?

Colonel OLMSTEAD. About 12 percent.

Senator BANKHEAD. That is for lend-lease.

Colonel OLMSTEAD. Yes, sir.

Senator BANKHEAD. All right.

Senator TAFT. Does this include all agricultural products, or does it cover foodstuffs only?

Colonel OLMSTEAD. Foodstuffs.

Senator TAFT. It does not include, for instance, cotton, does it?

Colonel OLMSTEAD. That 25 percent figure I do not believe includes cotton.

Senator BANKHEAD. The 25 percent figure does not include what?

Colonel OLMSTEAD. Either the raw cotton or cotton products. I do not believe they are included.

Senator TAFT. You mean the \$6,000,000,000 of exports does not include cotton?

Colonel OLMSTEAD. No, sir; I think not.

Senator BANKHEAD. You may proceed with your statement.

Colonel OLMSTEAD. The Government is obligated to maintain support levels on several highly perishable commodities for 2 years following the end of hostilities, and the maintenance of present outlets for export of these commodities is decidedly uncertain between now and that time. It has been our experience that whenever the quantity of a commodity in the hands of farmers exceeds the demand of normal trade channels, farm prices will quickly decline below support levels unless alternative outlets are provided. We anticipate this problem because of geographical and seasonal surpluses during the war and because of declines in military and lend-lease requirements as the war comes to a conclusion. An additional factor of course after the war will be the availability of supplies in productive areas now under Axis control. We do not anticipate lower levels of farm production at present price levels nor adequate commercial export outlets. Therefore we have submitted estimates which represent the best judgment we can get as to what will be required to handle floor

price problems while the war continues and for the 12-month period following VE-day.

Relating these considerations to specific commodities our estimates were arrived at as follows:

One. Cheese: The maximum price for American Cheddar cheese established in October 1942 was relatively low as compared with the maximum prices for other dairy products. To make it possible for cheese manufacturers to secure milk and maintain production the C. C. C. purchases from all manufacturers all Cheddar cheese produced at 27 cents per pound—(27.25 cents for low-moisture cheese)—and resells it to the manufacturer at 23.25 cents per pound, which is the basic ceiling price, Wisconsin basis. Since March 1, 1944, the subsidy on cheese sold to Government agencies is refunded to the C. C. C. The total cost of this operation through 1945 will be \$18,600,000.

Two. Dairy production payments: Since October 1943 the C. C. C. has made payments to dairy producers ranging from 30 to 90 cents per hundred weight of milk and from 4 to 11 cents per pound on butterfat. The payments vary seasonally and geographically. This program is administered by the Agricultural Adjustment Agency and will require \$526,000,000 through 1945.

Senator BUTLER. That is just the milk subsidy?

Colonel OLMSTEAD. That is for production payments.

Senator BUCK. What does that aggregate normally?

Colonel OLMSTEAD. The payments vary throughout the year.

Senator TAFT. Then that is running at the rate of approximately \$40,000,000 a month.

Colonel OLMSTEAD. It is approximately \$450,000,000 a year.

Senator TAFT. Or something like \$40,000,000 a month.

Colonel OLMSTEAD. Yes, sir.

Senator TAFT. Perhaps that is not in issue, or do you wish to cover that?

Colonel OLMSTEAD. I prefer that Mr. Dodd cover that.

Senator TAFT. All right.

Senator BANKHEAD. You may proceed with your statement.

Colonel OLMSTEAD. I now take up the third subject, the fluid milk payment program. Price increases to producers of class I milk were authorized in certain areas by Federal milk orders and in neighboring competing areas by the O. P. A. No corresponding increases were made in prices of fluid milk to consumers. To enable handlers in these areas to pay the established prices to producers the C. C. C. makes payments to handlers. Applications for payments are handled by the Federal Milk Market Administrator, and handlers of milk must, in turn, pay specified prices to producers. The cost of this program through 1945 will be \$14,000,000.

Senator TAFT. In all the cases when the money is paid out it is gone, is it not?

Colonel OLMSTEAD. Yes.

Senator TOBEY. In connection with such operations, I would like for you to turn your heart inside out, and in that connection I will ask you a personal question: Did it ever creep into your soul that much of this is nonsense, and that we are only fooling ourselves?

Colonel OLMSTEAD. Senator Tobey, you ask me a soul-searching

question, and in response I must say that everything I do in my official capacity gives rise to something like that thought.

Senator TOBEY. I believe it was Hamlet who said "what fools these mortals be."

Colonel OLMSTEAD. Yes, sir.

Senator TOBEY. And you sometimes agree with that?

Colonel OLMSTEAD. Yes, sir.

Senator BANKHEAD. I take it, Senator Tobey, that was an off-the-record remark?

Senator TOBEY. No. I was asking for information.

Senator BANKHEAD. I imagine you do not want Colonel Olmstead on the record in this hearing in that matter?

Senator TOBEY. I certainly have no objection to anything I say being on the record.

Senator BANKHEAD. I should not think that Colonel Olmstead should be called upon to answer a question of that kind.

Senator TOBEY. All right.

Senator BUTLER. The total cost of that milk program is \$14,000,000, is it?

Colonel OLMSTEAD. Yes, sir.

Senator BUTLER. And that subsidy, ahead of this, is \$526,000,000. That is a milk subsidy, too, is it not?

Colonel OLMSTEAD. The \$526,000,000 is for 14 months. Now, this other item is in specified areas, such as the New York milkshed, parts of Pennsylvania, Washington, D. C., and Alexandria. I could give you a list if you wish it?

Senator BUTLER. Let it go into the record.

Colonel OLMSTEAD. All right.

(The above-mentioned list is as follows:)

Fluid-milk-payment program—List of milk-marketing areas

Milk marketing area:	Effective date of program
Washington, D. C.	Apr. 8, 1943
Arlington-Alexandria, Va.	Do.
Omaha, Nebr.	Apr. 11, 1943
Philadelphia, Pa.	Apr. 12, 1943
Wilmington, Del.	Do.
Schuylkill Haven, Pa.	Do.
Lehigh, Pa.	Do.
Harrisburg, Pa.	Do.
York, Pa.	Do.
Baltimore, Md.	Do.
New York, N. Y.	Nov. 1, 1943
Cincinnati, Ohio.	Dec. 1, 1943
Fort Wayne, Ind.	Aug. 10, 1944

Senator TAFT. Do these payments reduce the dairy subsidy to any extent? I mean in the matter of direct payments to farmers.

Colonel OLMSTEAD. No, sir.

Senator BANKHEAD (presiding). You may proceed with your statement.

Colonel OLMSTEAD. There is included in the estimate \$80,000,000 for price support purchases of dairy products during the 12 months following VE-day. While there is no present surplus of manufactured dairy products, a sudden reduction in lend-lease and military requirements might cause price depressing surpluses of dry skim

milk, cheese, and even butter, particularly if the reduction in requirements occurred in the flush season of production. This represents our best estimate of the price support programs.

Senator TAFT. What is the \$20,000,000, dairy products?

Colonel OLMSTEAD. Dairy products is the cheese subsidy. I covered three subjects: cheese, dairy-production payments, and fluid milk payments.

Senator TAFT. But here is something that you have above that item, being \$18,600,000.

Colonel OLMSTEAD. That item is the one I am now covering. This column after VE-day is \$20,000,000.

Senator TAFT. What is the \$20,000,000?

Colonel OLMSTEAD. That is to make provision to meet the situation. At the present time, there is a very high production of fluid milk. It may be that production, of skimmed milk in particular, will outstrip lend-lease and military requirements. If that occurs it will be necessary to buy it in order to support prices and to avoid wastage.

Senator TAFT. What would you do with it then?

Colonel OLMSTEAD. We would hold it in inventory, as we have done with all other price support commodities, and immediately undertake programs to put it into civilian food or the lend-lease program, or to release it in some form for civilian consumption.

Senator TAFT. And there may or may not be any loss?

Colonel OLMSTEAD. That is right.

Senator BANKHEAD (presiding). You may proceed with your statement.

Colonel OLMSTEAD. I next take up part 4 of our program, fruits for processing. Expected supplies of the major dried and canned fruits and grapefruit juice will be short of total demand, regardless of the course of the war, and the only price support program which will be necessary is the current subsidy program. Producers of fruit are able to realize higher returns for fruit sold in fresh form than in the form of canned or dried fruit under maximum price regulations. In order to get fruit processed in forms required for military and lend-lease purposes subsidies are paid. Funds obligated during November and December 1944 on raisins, prunes, and grapefruit juice totaled 7.8 million dollars. It is expected that an additional 26.5 million dollars will be needed up to December 31, 1945.

Senator BUTLER. What is the total?

Colonel OLMSTEAD. It is \$34,300,000.

Senator TAFT. Do you sell that or what do you do with it?

Colonel OLMSTEAD. This is an outright subsidy payment to processors.

Senator BUCK. Do any of them ever send any money back to you?

Colonel OLMSTEAD. Not to my knowledge. It is represented in the production costs.

Senator TOBEY. If any of them ever do send any money back to you I move that we erect a monument to them.

Senator TAFT. Sometimes it comes back in the form of taxes, does it not?

Colonel OLMSTEAD. Yes. And if any of it is refunded we will report it promptly to the committee.

Senator BUCK. This first figure was for that term?

Colonel OLMSTEAD. For November and December 1944. I have forgotten where that goes in terms of commodities, but will be glad to place a statement of it in the record if you desire it?

Senator BUCK. All right. Suppose you let us have it.

Colonel OLMSTEAD. Here is the statement.

WAR FOOD ADMINISTRATION,
OFFICE OF MARKETING SERVICES,
Washington, D. C., January 29, 1945.

To: Paul M. Williams, Assistant Chief, Fruit and Vegetable Branch.

From: W. Allmendinger.

Subject: Estimate of funds required for price support and subsidy programs for processed fruits.

The sum of 34.3 million dollars named for processed fruits in Judge Jones's recent request for increased borrowing power for the Commodity Credit Corporation is made up of the following items:

	<i>Millions of dollars</i>	
1. Dried prune subsidy (estimated expenditures):		
November and December 1944-----	3. 6	
January to June 1945-----	3. 8	
July to December 1945-----	4. 3	
	-----	11. 7
2. Raisin subsidy (estimated expenditures):		
November and December 1944-----	3. 9	
January to June 1945-----	6. 2	
July to December 1945-----	5. 7	
	-----	15. 8
3. Canned grapefruit juice subsidy (estimated expenditures):		
November and December 1944-----	. 3	
January to June 1945-----	4. 0	
	-----	4. 3
4. Subsidy of wage increases in certain west coast processing plants (all fruits) Estimated expenditures January to June 1945-----	2. 5	
	-----	2. 5
Total-----		34. 3

The above figures, with the exception of those for the period June to December 1945, are as submitted by the Branch to Mr. S. R. Smith in two memorandums sent forward about January 17. The Branch was not requested to make any estimate of funds required for the period June to December 1945, but was requested to make an estimate of funds needed for the fiscal year 1945-46, if subsidies were permitted.

An estimate of 20.8 million dollars was made of which 9 million was for the dried prune subsidy program and 11.8 million dollars for the raisin subsidy program. Subsequently, a representative of the Distribution Planning Branch asked us informally for an estimate of the percentage of the 20.8 million dollars that would be needed in the period July to December 1945. We told him it would be about 50 percent of the total. This same person advised us later he had used \$10,000,000 for this period. For the purpose of this memorandum we arbitrarily distributed \$10,000,000 between prunes and raisins as shown above. We do not know whether Judge Jones's presentation showed any break-down.

Colonel OLMSTEAD. On the basis of average yields, it is unlikely that any expenditures for price support purposes will be necessary during the year following VE-day. Any small surpluses that may occur will probably be used either to increase commercial carry-overs or for the community school lunch program.

Five. Vegetables for processing: It is expected that supplies of the four major processed vegetables, tomatoes, snap beans, green peas, and sweet corn will be short of total demand. Growers support prices on these vegetables are higher than the raw vegetable prices reflected in maximum civilian price ceilings. It is necessary therefore

to make subsidy payments to processors to allow the purchase of the vegetables at grower-support prices and sale of the processed products in civilian channels at ceiling prices. If processors do not pay grower-support prices to producers they are not paid any subsidy. Through 1945 the cost of this program will be \$39,700,000.

Senator BANKHEAD. How is that handled as to canners?

Colonel OLMSTEAD. It is certified by the State war board, and that data is checked through the local triple-A organization, wherever the canner may be located. The canner makes contracts with growers, and those contracts are examined by the triple-A, and the cannery is certified. Otherwise, the canner is not eligible.

Senator BANKHEAD (presiding). All right, you may proceed.

Colonel OLMSTEAD. I now come to item 6 on the program, eggs. The total estimate represents purchases which may have to be made with no intention of taking an avoidable loss. Eggs are a Steagall commodity which must be supported at 90 percent of parity. Parity prices are based on "average" prices throughout the country with seasonal variations. In his original public announcement the Secretary of Agriculture fixed price support levels at 30 cents per dozen in spring and summer months and 34 cents per dozen in the fall and winter. It was further stated that prices would be supported through purchases of dried eggs and graded eggs. In the flush season of production in 1944 egg supplies exceeded not only production goals but the capacity of drying and grading facilities. As a result the egg market began to collapse in late March 1944. The announcement of price support levels had been widely interpreted as a commitment to support farm prices at 30 cents per dozen. When prices declined it was decided to revise the program and purchase current-receipt eggs direct from farmers at 27 cents per dozen. The War Food Administration purchased 5,591,393 cases of eggs at a total estimated cost of \$62,755,345. Most of these eggs were ungraded. Cases were poor in quality. Cold-storage space was inadequate. Refrigerated transportation was inadequate. It was necessary to ship, for example, about 1,500 cars of eggs to the Pacific Northwest where storage space was available. This was done with the knowledge that they would have to be shipped east again to be utilized.

The purchases were made during the season of flush production which ended about June 15, 1944. During the period of heavy production—and procurement—about 65,000,000 cases of eggs were produced. We believe it a conservative estimate that without the price-support program eggs would have sold for a return of at least 10 cents per dozen less to producers. If that is true, producers received about \$195,000,000 more for eggs as a result of price-support purchases.

When the flush production season ended the W. F. A. began to sell its inventory to minimize losses. On the basis of present estimates we will recover \$56,929,638, leaving a net loss of about \$5,800,000. This year production goals were reduced and production is expected to be somewhat less than in 1944.

If the war continues on all fronts, that around 150,000,000 dozen eggs may be needed to be purchased to support prices during the spring season of heavy production, to be resold later in the year. The \$13,000,000 shown in the estimates is for this purpose.

During the 12-month period following VE-day, a substantial surplus of eggs is anticipated at prices reflecting 90 percent of parity.

Senator TOBEY. Mr. Jones, is it true that the War Food Administration has taken steps to limit poultry this year, to discourage any increase in poultry production?

Mr. JONES. We took steps at one time to have something done in the Army, to get adjustments in line with what we would need. There was some adjustment on that. We will need a big production. We tried to keep it from going too low.

Senator TOBEY. I fully understand that you cannot be expected to hit it on the nose.

Mr. JONES. No.

Senator TOBEY. On the figures presented to us here I think it would be an incentive to produce more laying stock this year and therefore the poultry people would put on more.

Mr. JONES. I think it is remarkable that with a production far in excess of anything we were able to handle, we had a loss of only \$6,000,000.

Senator TOBEY. I think, perhaps, that is constructive.

Senator FULBRIGHT. Mr. Jones, I did not get your answer to the first question propounded by Senator Tobey. Are you trying to discourage production of poultry?

Mr. JONES. Not at this time. We are trying to keep it in line with other things. For instance, if there seems to be a tendency toward excess production in the case of one commodity, we try to shift it in line with the general demand. We are not making an effort to discourage production. At one time, when the production was entirely too high, there was an attempt to get it back in line. At the present time we do not anticipate any very great difficulty with eggs.

Senator FULBRIGHT. I was thinking of poultry.

Mr. JONES. They are pretty well related. In the matter of poultry, we need production. We are going to need, at least while the war is in operation, all the poultry we can get.

Senator FULBRIGHT. If you need poultry, then why discourage production?

Mr. JONES. As I have said, we are not discouraging production.

Senator FULBRIGHT. As a matter of fact, there is not much relation between broiler production and eggs.

Mr. JONES. We have not discouraged broiler production.

Senator FULBRIGHT. Are you sure of that?

Mr. JONES. Not in recent months.

Senator FULBRIGHT. You have recently frozen poultry in the principal producer markets.

Mr. JONES. That was to get poultry for the Army.

Senator FULBRIGHT. And that would indicate there was a shortage of poultry.

Mr. JONES. Just temporarily. There was a big demand for the Army that came on at one time.

Senator FULBRIGHT. But you do not do anything to encourage production of broilers.

Mr. JONES. We pay no subsidy. However, the ceiling price on broilers is above the parity level.

Senator TOBEY. That is an incentive.

Mr. JONES. And we have a price support, not on broilers but on eggs; and, Colonel Olmstead, on chickens and other fowls—what is that?

Colonel OLMSTEAD. On chicken it is 90 percent of the parity price, and on turkeys.

Mr. JONES. There was a time when we were in a pretty tight spot because there was no storage space for eggs. At one time we had a surplus of practically everything but broilers.

Senator BANKHEAD. Have you a current support price for eggs?

Colonel OLMSTEAD. It is 27 cents per dozen to the farmer for graded eggs.

Senator TAFT. And 30 dozen in a case?

Colonel OLMSTEAD. Yes.

Senator TAFT. What I do not understand is this \$273,000,000. You can get out with less loss than that, can you not?

Colonel OLMSTEAD. It is not necessarily a loss. That is, perhaps, what would have to be invested. We bought 5,500,000 cases of eggs, at \$62,000,000. Suppose you had to buy 25,000,000 cases?

Senator TAFT. How does this production run? Are you bound there until 12 months from the time it began? How long is the support in operation?

Colonel OLMSTEAD. Two years after the 1st of January after the President proclaims hostilities at an end.

Senator TAFT. Two years?

Colonel OLMSTEAD. Yes, sir.

Senator TAFT. Could you not protect yourself by buying all of the chickens in the country instead of letting them go on laying eggs?

Colonel OLMSTEAD. Some people have advanced that idea. Right now we need the eggs.

Senator TOBEY. You need the eggs, you say?

Colonel OLMSTEAD. Yes, sir.

Senator TAFT. You may need the eggs, but I cannot conceive your having to put \$275,000,000 into the situation.

Colonel OLMSTEAD. Not if the war ends.

Senator TAFT. I should think you could get out with less than that.

Colonel OLMSTEAD. I hope we can. This represents the possibilities, and we are trying to be objective. I do not know what will happen to dried eggs when the war ends.

Senator TOBEY. How long are dried eggs good?

Colonel OLMSTEAD. If stored in cold storage, under present standards they will be good for a long time.

Senator TOBEY. For how many years?

Colonel OLMSTEAD. We have had tests made, and after one and a half or 2 years in storage they are still good.

Senator TOBEY. In the First World War I was down here with Mr. Hoover, in charge of dehydration, and I went to many places in this country and up in Canada. Much of the potato work was carried on in Maine. There was a place in Canada run by a Scotchman by the name of John Graham. I called on John Graham and spent 2 days with him. He showed me his plant. He told me a very interesting story. He said when the Boer War was going on he sold dehydrated potatoes to the British War Office. Then the armistice came on, and under the terms of the contract, in very fine print, they

shut down taking shipments—canceled any more shipments. That left him with \$38,000 of potatoes on hand, and they were not salable. He talked with his neighbors and friends, and they put their potatoes in casks and barrels, hermetically sealed, and stored them in their barns, and there they were kept stored for 14 years, until the First World War broke, when he made a new contract with the British Purchasing Commission and sold the whole \$38,000 worth of potatoes back to them. So with this experience, there would seem to be some hope that the Government might do something in the case of dried eggs.

Mr. JONES. As a matter of fact, we cannot take any chances while the war is going on. We have a lot of plans against it, but we cannot quit until the time actually comes.

Senator TOBEY. There will have to be a charge-off.

Mr. JONES. We may make a contract with a lot of people, say, for \$100,000,000, and actually pay it to them. But the farmers have simply offered them the inducement of the support price. They have not been paid any cash, but the obligation should be carried out. I certainly think we should have the authority. We can step in when the time comes and do whatever is necessary to carry out the Government's obligation. You will be surprised how great the demand is. It is not just a demand when the things begin to flow in. They say "the Government promised it to us, and we are agreeing to do it." This \$273,000,000 is so we can at any time have these things purchased. Of course, we hope to keep the losses down to the absolute minimum and to use no more than is necessary. When perishable commodities begin to flow in, sometimes you cannot quit within 24 hours and get the thing stopped.

Senator TAFT. I cannot conceive that you would have to buy 35,000,000 cases of eggs to keep prices right.

Colonel OLMSTEAD. You have to include some allowance for storage and freight. Our experience in buying 5,591,000 cases of eggs at a total cost of \$62,000,000 does not mean that just the eggs cost that much. They ought to cost closer to \$50,000,000.

Senator TAFT. They are priced at about \$8 a case. When you come to this over-all of \$2,000,000,000 I think it is a little more than you need. That is my impression; not only that, but I do not think that \$273,000,000 is ever going to be used for eggs. If an extraordinary situation arises you can come back to us and get some more money. I do not think there will be any such sum spent.

Mr. JONES. We used 172,000,000 cases.

Senator TAFT. I do not quite understand this guarantee for 2 years. I know a little more about the chicken farmer than I do about the general farmer. I think in the spring he is interested in knowing what he is going to get until the next spring for his eggs. Beyond that, I do not think he cares. If eggs go down, he will sell his chickens. He does not look on this thing for more than the annual basis. I do not see why you guarantee it for 2 years after the war.

Mr. JONES. The law requires us to do that. It is more than an operation for that year. In the case of any of these commodities, the farmer has to provide certain extra facilities. Any of these people have to have extra facilities.

Senator TAFT. When the price of eggs goes down these people want to get rid of their chickens. They do not want a guaranty.

Mr. JONES. In the meantime, they have had the expense of getting ready.

Senator BANKHEAD. You may proceed.

Colonel OLMSTEAD. It may be interesting, when the market started breaking last year—

Senator TAFT (interposing). I just do not think it will cost \$273,000,000.

Colonel OLMSTEAD. It may not. I hope it would not.

Hence purchase operations are estimated to include obligations totaling \$273,000,000 for the acquisition of eggs. When the war situation changes, the demand for dried eggs from this country will virtually disappear unless some arrangement not now known can be made.

Seven. Irish potatoes: Irish potatoes are a Steagall commodity and must be supported at 90 percent of parity. Support programs consist of purchases on early and intermediate crop potatoes and purchases and loans on late crop potatoes. There is no subsidy program for potatoes.

It is expected that substantial funds will be needed for loans to growers, even though the war continues. Other programs will consist of purchase and diversion to school lunch, other direct distribution programs, and to starch and livestock feed. Estimates of net obligations have been somewhat reduced by assuming the use of section 32 funds.

It is estimated that through calendar 1945, with the war continuing on all fronts, net obligations of approximately \$9,500,000 will be incurred.

During a 12-month period following VE-day, it is estimated that obligations of \$64,900,000 will be incurred for all programs to support potato prices.

Eight. Sweetpotatoes: Cured sweetpotatoes are a Steagall commodity and must be supported at 90 percent of parity. Support operations consist of loans and purchase and diversion programs.

Senator TOBEY. On sweetpotatoes the price has been abnormally high the last year.

Colonel OLMSTEAD. That was because of the short crops.

With continuance of the war, no annual surplus is anticipated, but it is considered likely that support operations will be necessary on a small scale in areas where storage facilities are inadequate or not available. Approximately \$7,500,000 will be needed for loans to growers through calendar 1945. There is no subsidy program for sweetpotatoes.

It is estimated that net obligations of \$3,000,000 additional would be incurred during a 12-month period following VE-day.

Nine. Pork products: Hogs are a Steagall commodity, the only class of livestock on which price-support commitments have been made.

If demand continues at wartime levels, a shortage of meat is anticipated throughout calendar 1945, and no price support operations are anticipated. * * * military and lend-lease procurement will probably be adequate.

It is estimated, however, that about \$50,000,000 might be required for supporting hog prices at currently announced levels during the 12-month period following VE-day. This estimate is based on the purchase of about 200,000,000 pounds of pork products.

Subsidy programs in effect for pork and other classes of meat are financed by the Defense Supplies Corporation, so that no C. C. C. funds are involved.

During 1944 there are an extremely large production of pork. The Government was committed to support the price of hogs in the support weight range at \$13.75 per hundredweight. All slaughterers of hogs are licensed by the War Food Administrator under the Second War Powers Act, and one of the provisions of the license is that the slaughterer shall not pay less than the support price to producers. Because of heavy hog runs last year, there may have been a few instances in which regular slaughterers could not buy all the hogs that were offered. We are unable, however, to find specific instances in which a licensed slaughter paid less than support prices.

Tenth. Beans and peas—dry edible: The dry edible beans and dry smooth peas are Steagall commodities and must be supported at 90 percent of parity. In 1943 and 1944 subsidy payments have been made on beans. The support-price levels for several varieties of beans are higher than the price reflected in civilian ceilings. Payments averaging about 50 cents per bag are made to dealers to enable them to pay support prices and resell to civilians at ceilings. The subsidy program on beans through 1945 will cost \$6,336,000. The Government has a large stock of beans and peas in inventory, and additional quantities are expected to be procured out of 1945 production. At present it appears that civilian relief requirements after the war will absorb these inventories, but a definite outlet is not known for the year following VE-day at this time. To make sure that the Government will be able to make necessary price-support programs, an estimate of \$47,000,000 has been submitted. None of that estimate is for subsidy payments.

I have a schedule here of price ceilings and supporting prices for the record.

(The schedule referred to follows:)

SCHEDULE B.—Amount of adjustment payments per 100 pounds of dry beans, net weight ¹

Class	Subsidy payment (U. S. No. 2 or better)	U. S. No. 1	
		Support ²	Office of Price Administration ceiling ³
Pea and medium white.....	\$0.45	6.50	6.05
Great northern.....	.45	6.50	6.05
Small white.....	.45	6.50	6.05
Flat small white.....	.45	6.50	6.05
Pinto.....	.35	6.50	6.15
Pink.....	.25	6.50	6.25
Small red.....	.45	6.50	6.05
Cranberry—other than western.....	.35	6.50	6.15
California blackeye.....	3.175	6.375	6.20
Baby lima.....	.55	7.50	6.95
Light red kidney.....	1.45	8.00	6.55
Dark red kidney.....	1.45	8.00	6.55
Western red kidney.....	1.45	8.00	6.55
Cranberry—western.....		6.50	6.60
Lima.....		7.50	7.25

¹ Subject to adjustments equal to any changes in Office of Price Administration civilian ceiling prices or set-aside purchase prices subsequent to the date this agreement is entered into.

² To processors. Add 15 cents to these prices to obtain dealer price, except add 10 cents only for dealers located in Michigan.

³ Adjustment payment also available on U. S. No. 3 California blackeye beans.

Senator TAFT. This barley, rice, and rye.

Mr. FARRINGTON. I covered it in a general statement.

Senator TAFT. There is no subsidy in barley.

Mr. FARRINGTON. No, sir; it is purely an inventory item.

Senator BUCK. When you spoke of using this for civilian relief, did you mean foreign countries?

Colonel OLMSTEAD. Relief of civilians in occupied areas. That is generalized in three ways, the military requirements for the relief of civilian population. The U. N. R. R. A. has requirements for the buying governments, the French and Belgians have assets. They are negotiating for the purchase of some commodities at the present time.

Senator TAFT. That is all I have. Do you have one or two other things?

Colonel OLMSTEAD. I think that is all.

Senator TAFT. What is the situation about sugar?

Mr. FARRINGTON. Yes; we have. I have a brief statement here I will be glad to read.

Senator TAFT. This \$36,000,000 has nothing to do with the sugar tax or payment to sugar producers. This is entirely different, isn't it?

Mr. FARRINGTON. That is mostly the losses on sugar.

Senator TAFT. There is a subsidy in there.

Mr. FARRINGTON. Yes.

Senator TAFT. And also a transportation payment.

Mr. FARRINGTON. Yes. Most of that is losses. We estimate losses on the 1945 crops at \$54,000,000.

Senator TAFT. Do you pay subsidies?

Mr. FARRINGTON. Yes. We pay subsidies on all domestic production and on Puerto Rican and Hawaiian.

Senator TAFT. Do you deliberately take a loss on Cuban and Puerto Rican sugar?

Mr. FARRINGTON. We have a loss on Puerto Rican. On Cuban we do not have a loss. There would be a loss if we paid the duty.

Senator TAFT. What do you pay for Puerto Rican?

Mr. FARRINGTON. \$3.46 per hundredweight plus the subsidy payment of 40 cents. That goes to the producer.

Senator TAFT. You pay that?

Mr. FARRINGTON. Yes.

Senator TAFT. You have the general sugar tax which provides for payment to the producer. You do not administer that?

Mr. FARRINGTON. No, sir. That is all in addition to this. The \$48,000,000 you are speaking of is outside the C. C. C. program.

Senator TAFT. But you pay a direct subsidy for Puerto Rican sugar. Do you pay any subsidy for Louisiana sugar?

Mr. FARRINGTON. Yes; about \$1.53 a ton of standard sugarcane.

Senator BUTLER. On sugar beets?

Mr. FARRINGTON. Mr. Earl Wilson is in charge of the Sugar Division.

STATEMENT OF EARL WILSON, SUGAR DIVISION, COMMODITY CREDIT CORPORATION, WASHINGTON, D. C.

Senator TAFT. I have only one more request, and that is we hear from the gentleman in charge of milk.

Senator TOBEY. What is the transportation on sugar from Puerto Rico?

Mr. WILSON. Thirty-five cents per 100 pounds, of which we absorb 7. Puerto Rico pays 28. I believe Senator Butler just asked Mr. Farrington about our sugar-beet program. This contract is with the processor who, in turn, has agreements with his individual growers. He allots our payments to the growers.

Senator BUTLER. Is that under the old sugar law, by the way?

Mr. WILSON. No, sir; it is in addition.

Senator TOBEY. Are many of these big sugar plants, the machinery of which was taken out, coming back?

Mr. WILSON. Although many of the beet-sugar plants did not operate this past crop, I have not heard of any of the machinery being removed.

Senator TOBEY. Adverting to the 35 cents per ton freight from Puerto Rico, how do we absorb that?

Mr. WILSON. When the O. P. A. set the ceiling in 1942, they found the rate to be 28 cents. Since then the rate has gone up and, under the O. P. A. Act, the refiner cannot pay more and as the producer, because of increasing costs, should not be expected to receive less for his sugar, we absorb the difference of 7 cents.

Senator TOBEY. You carry the same relationship right along?

Mr. WILSON. Yes; wherever costs in excess of those specified in the O. P. A. ceiling determinations the excess costs are generally absorbed by Commodity Credit Corporation.

Senator TAFT. Does the sugar mill pay the \$3 in addition to the contract price?

Mr. WILSON. The sugar-beet processor pays the grower on the basis of the 1942 grower-processor contract and we pay the \$3 on top of that.

Senator TAFT. You pay that back to the grower?

Mr. WILSON. Yes, sir; through the processor.

Senator TAFT. Is there any effort to increase the production of beet sugar?

Mr. WILSON. In 1942 when the first program was drawn up for the 1943 crop, it was decided to pay \$1.50. The crop fell off by about 45 percent. We doubled the payment in 1944. We only received 8 percent more. That was rather disappointing.

Senator TAFT. Was that to increase acreage?

Mr. WILSON. Yes, sir; that was to increase acreage, but the failure of the program to get a larger increase in production was probably due in large part to labor conditions.

Senator TAFT. Are there any plans in the making for trying to start developing sugar crops?

Mr. WILSON. Yes, sir. All of our programs have as their objectives the maintenance or the increasing of sugar crops. There have been hopes that we would receive some assistance from Philippine production, but as yet the exact situation in those islands is unknown. We know that some mills have been destroyed, others partially dismantled and that most of the cane fields have been neglected. We know some of them have been plowed up for cotton, but as to the extent—

Senator BANKHEAD. What did you say about cotton?

Mr. WILSON. Some of the cane fields have been plowed up by the Japanese for the planting of cotton. The cotton crop was very much of a failure.

Senator TAFT. Is there a shortage of sugar in Cuba?

Mr. WILSON. In 1944 Cuba produced one of the largest crops on record, but in 1945 we expect there will be between 700,000 and 800,000 tons less produced, the decline due largely to growing conditions. We have made a proposal to Cuba for the purchase of its 1945 crop but this has not as yet been accepted. In our proposal we are allowing Cuba 150,000 tons of free sugar in order to permit Cuba to maintain certain trade relations with and to meet sugar demands from other Latin-American countries.

Senator TOBEY. A large part of the Cuban sugar is under absentee ownership?

Mr. WILSON. Yes; approximately 60 percent is owned outside of Cuba, largely by American concerns.

Senator BANKHEAD. Does Cuba ship much sugar to Europe?

Mr. WILSON. Only what is determined by the United States, acting in cooperation with the United Kingdom and Canada.

Senator TOBEY. Is transportation still a serious factor in getting sugar from Puerto Rico and Cuba?

Mr. WILSON. Somewhat, but not as great a problem as it was 2 years ago.

Senator TOBEY. Will that result in less sugar restrictions in this country?

Mr. WILSON. No; not in 1945 as the problem this year will be more one of supply rather than transportation.

STATEMENT OF N. E. DODD, CHIEF, AGRICULTURAL ADJUSTMENT AGENCY, WASHINGTON, D. C.

Senator BANKHEAD. Let us have your name and the position you hold.

Mr. DODD. N. E. Dodd, Chief of the A. A. A.

Senator TAFT. You are paying between 30 cents and 90 cents a hundredweight for milk?

Mr. DODD. Yes, sir.

Senator TAFT. How much for butter?

Mr. DODD. 10 cents.

Senator TAFT. There is another butter subsidy.

Mr. DODD. Yes, sir.

Senator TAFT. How much is that?

Mr. DODD. 5 cents.

Senator TAFT. So every pound of butter that is sold today is subsidized to the extent of 15 cents. Is that correct?

Mr. DODD. Yes.

Senator TAFT. What is the price to the consumer today?

Mr. DODD. Fifty-some cents. The wholesale ceiling is 46.

Senator TAFT. What does the farmer get for butter, on the average?

Mr. FARRINGTON. December 15th it was 51 cents for butterfat and 45.6 cents for butter.

Senator TAFT. So that the farmer gets just about what the consumer finally pays. You absorb all the difference. Is that about the situation?

Mr. FARRINGTON. That is the situation.

Senator TAFT. This is running at the rate of approximately \$40,000,000 a month.

Mr. DODD. It begins in April to drop. It will drop until June, goes up a little in June, and goes up in the winter months, in October.

Senator TAFT. How much are you paying now?

Mr. DODD. The month of January, the first quarter, of January, February, and March, paying \$147,187,000.

Senator TAFT. For milk?

Mr. DODD. Milk and buttermilk.

Senator TAFT. How do you pay that? Does the farmer keep his receipts?

Mr. DODD. He keeps his receipts from the creamery.

Senator TAFT. It also applies to milk delivered to distributors for sale in the cities.

Mr. DODD. That is correct, all milk and butter.

Senator TAFT. How do they get that check?

Mr. DODD. It goes to the county triple-A office. They compute it.

Senator TAFT. Given a sight draft. What does he do with that?

Mr. DODD. He collects it at the local bank.

Senator TAFT. You go back and audit?

Mr. DODD. Yes; we audit this every month. We get a spot audit every month and a complete audit every 3 months.

Senator TAFT. The farmer has to finally go to the A. A. A. office once a month.

Mr. DODD. No; he could. The processors supply us with a record of the amount delivered at the rate paid. If the farmer desires he can send his application by mail.

Senator TAFT. How many checks do you mail a month?

Mr. DODD. That varies. It is about around 1,800,000 at each payment period. These payments vary from 1 to 3 months. Many farmers would like to have the payments often and some say it is all right to wait a longer period. From the cost standpoint it is better.

Senator TOBEY. The October checks are sent out in October, even in election years.

Mr. DODD. There was nothing paid for October and November, until December.

Senator TOBEY. They held up the October checks and sent them just the day before election.

Senator TAFT. When were the September checks sent out?

Mr. DODD. As you know, Senators, most creameries and processing plants do not get out their information to farmers right on the first. Most of these larger milk associations do not get out accounts until the 20th of the month.

Senator TAFT. August and September checks went out the 1st of November?

Mr. DODD. Sometime about the 20th of October and the last of November.

Senator TAFT. Taking this \$140,000,000 to be paid for milk in this, reflecting that into the milk, how many cents a pound was that? Supposing this subsidy were abandoned, what would be the increase in price to the consumer?

Mr. DODD. About 2 cents a quart.

Senator TAFT. In other words, the raising of milk 2 cents a quart to the consumer would eliminate the necessity for a subsidy of \$500,000,000 a year?

Mr. DODD. There is a good deal of that in butter.

Senator TAFT. In addition to that you would have to increase the cost of butter 10 cents a pound.

Mr. DODD. Yes, if you didn't interfere with consumption.

Senator TAFT. What is the milk situation today? Is there a shortage or oversupply with relation to the demands from the Army and lend-lease?

Mr. DODD. We are still short. 1942 was our highest production of dairy products. That is, in the terms of milk. There began to be a drop in the summer of 1943. It got to be quite serious by the middle of the summer in 1943. After these payments were started they held without any further drops, and in the summer of 1944 we began to get an increase up to the amount we had produced the year before. For October, November, and December, the production has been running about 3 percent above 1942. At the present time it is running about 4 percent above. We are still short.

As you know, we have different rates in effect in different parts of the country. The larger cost of feed and increase in butterfat—

Senator TAFT (interposing). You might put this in the record.

Mr. DODD. I will, sir. About 7 percent over a year ago.

Senator TOBEY. I think you can agree with me a quart of milk is the cheapest subsidy compared to any other staple food we have.

Mr. DODD. I think so. There has been some drop in the number of cows for milk.

Senator TOBEY. There has been a culling process going on.

Mr. DODD. Yes; but the total milk production has been on the up.

Senator TOBEY. That is a constructive step.

Mr. DODD. Yes, sir.

Senator TAFT. What is the reason for this restriction on the freezing of the distribution of milk? I do not know the merits of the case, but in the northern Ohio section apparently there is a rule that anybody that has not been in the milk distributing business cannot go in the milk distributing business. We had a farmer who had a very large production, but they said he could not distribute his own milk. They took him to court and he claimed the milk is his, yet he cannot get it moved, and all these restrictions go on all the milk, preventing him from selling it in the State. What is the reason for that kind of restriction?

Mr. JONES. An increased demand for fluid milk which is about 20 percent, and it does not leave enough for butter and other commodities and that was to hold them somewhat on the same basis.

We have been upping that production to the point where we could move at least all except the cream part of it. But it looks like if you do not have some restrictions you would get enough, you would not get the other milk products.

Senator TAFT. Apparently, today, a man cannot go into the milk-producing business unless he was in it before.

Senator TOBEY. That applies to pork, also, and other things. It is a thing that is just a practical proposition. We do not like to issue those orders, but they are to get essential commodities flowing at the proper time.

Senator BUTLER. After it is all said and done would it have required less manpower and cost the country a great deal less money had we increased the price of milk to what was required to take care of the situation?

Mr. JONES. That is a thing that might be debated all day. As I said at the beginning, when you once get the situation here to a certain point, and you go to change one it affects the other and the first thing you know you break up your line entirely.

I doubt if you can make price adjustments without upsetting the whole schedule.

Senator BUTLER. I can see some logic as to any regulating body under any conditions at this time.

Do you want to make that kind of a situation?

Mr. JONES. I would rather not do that. I hope we can get rid of war production as soon as possible, but as to the particular proposition we may have a choice.

Of course, the whole question of our activity should be settled as soon as practicable to do so.

Senator BUCK. Do you think sometime, after the war, our economy will be free of this?

Mr. JONES. I certainly feel after we get back to normal conditions it will not be a permanent thing.

There is always an artificial period following a war, and I certainly think with the price stabilization for farmers is proper.

Senator TOBEY. He has to take his chance with all the elements of nature.

Mr. JONES. Yes.

Senator TOBEY. And after they had carried this through, as time goes on, I realize if in difficult years it helped, it should be retained. That is your only solution.

Mr. JONES. Yes, sir.

Senator BUTLER. I think the only trouble in the machinery we have built up, we have done a good bit and provided protection to the consumer, and there have been needs of the processor with which I am somewhat familiar.

Mr. JONES. We do not fix the margins. We have taken some steps on that through the years. It still is a problem and has to be given a great deal of thought. All in all, I believe some progress has been made.

Senator BUTLER. We are still basically an agricultural nation.

Mr. JONES. Yes, sir.

Senator BUTLER. I think all of us admit there is some semblance of truth to the statement that our total national economy is related in some ratio to our agricultural economy, and here we are trying to keep those prices down below a just price because when you pay him a subsidy you admit you are not giving him enough and you are taking away seven times the shortage you are saving.

If you let the prices go up, if you had a constant change and the Government had to pay additional on all these contracts it might run into a good deal more than the subsidy cost.

Mr. JONES. Mr. Chairman, I have a number of men who are busy. Most of these items have been covered.

Senator TAFT. I would like to have Mr. Shields here.

Senator BANKHEAD. I will leave that to Senator Taft. There is one witness from the C. I. O. who wants to be heard for 5 minutes.

Senator TAFT. I would like to offer this amendment. Mr. Shields and I have tried to work out this amendment. As Mr. Jones knows, I have never approved any subsidy program in its whole extent. Yet from time to time I have felt some are necessary. I tried to freeze it

where it is. I approved of it when it was \$250,000,000 and \$500,000,000, and the present subsidy program means that the Commodity Credit Corporation will be paying subsidies at the rate of \$840,000,000 a year and the effect of this is to freeze that, and if they want to extend it they will have to come back to Congress.

It is a little awkward, but Mr. Shields might read it to the committee.

Mr. SHIELDS. This is the proposed new section 4 [reading]:

The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss for the purpose of maintaining maximum prices established pursuant to provisions of the Emergency Price Control Act of 1942, as amended and supplemented, shall be limited as follows:

Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation with respect to the completion of 1944 and prior year crop program operations for 1945 and prior fiscal year noncrop program operations and in amounts which do not involve subsidy payments or losses in excess of \$250,000,000 for operations during the 6-month period ending December 31, 1945, with respect to the dairy production payment program, \$60,000,000 for operations during the 6-month period ending December 31, 1945, with respect to other noncrop programs, including the feed wheat program, and \$225,000,000 with respect to the 1945 crop program operations. Should hostilities in the present war extend beyond December 31, 1945, dairy production payment program and other noncrop programs operations involving such subsidy payments and losses may be continued on a pro-rata basis so long as hostilities continue but not later than June 30, 1946, unless the Congress shall otherwise direct.

Senator TART. That takes 6 months, and composes \$250,000,000, \$60,000,000 for noncrops and \$225,000,000 for crops which is \$535,000,000, and the last sentence says if the war isn't ended, and presumably it will not be on December 31, 1945, the \$250,000,000 may be duplicated and the \$60,000,000 may be duplicated for the next 6 months, and the \$225,000,000 crop provision carries through the fiscal year, and that makes \$845,000,000 without further appropriation.

That is intended to be the effect of this amendment.

Mr. SHIELDS. We have a statement breaking it down.

(The statement referred to follows:)

Basis 1945 estimated (goals) acreage, 10-year average yield per acre (1933-42) and 1943 yield in cases No. 2 cans per ton

Product	1944 subsidy payable in calendar year 1945	1945 subsidy	Total
Snap beans.....	\$1, 010, 342	\$1, 546, 427	\$2, 556, 769
Green peas.....	3, 755, 722	2, 920, 059	6, 675, 781
Corn.....	2, 644, 576	3, 622, 914	6, 267, 490
Tomatoes and tomato products.....	9, 375, 389	11, 295, 456	20, 670, 845
Total.....	16, 786, 029	19, 384, 856	36, 170, 885
Nov. 1 to Dec. 31, 1944:			
Balance 1943 program.....		1, 500, 000	
Balance 1944 program.....		2, 000, 000	
			3, 500, 000
Jan. 1 to Dec. 31, 1945:			
Balance 1944 program.....		16, 786, 029	
Balance 1945 program.....		19, 384, 856	
			36, 170, 885
Total.....			39, 670, 885

NOTE.—Estimates are calculated on the basis of the difference between the raw material costs in 1942 and the 1944 or 1945 support price respectively and does not include adjustments for increased labor or other costs which may be approved.

WAR FOOD ADMINISTRATION—COMMODITY CREDIT CORPORATION

Estimated cost of subsidy programs

[In thousands of dollars]

	Estimated cost	
	1944 crop	1945 crop
Programs on crop-year basis:		
Fruits for processing.....	\$26,500	\$26,500
Vegetables for processing.....	36,200	36,200
Dry edible beans.....	4,800	4,800
Soybeans.....	42,000	48,000
Peanuts.....	3,500	7,000
Sugar.....	36,700	54,100
For expanded or other programs.....		48,400
Total crop year programs.....	149,700	225,000
	July 1 to Dec. 31, 1944	July 1 to Dec. 31, 1945
Dairy production programs.....	\$217,252	\$237,000
Reserve.....		13,000
Total dairy production program.....	217,252	250,000
Other noncrop programs:		
Cheddar cheese.....	8,563	8,000
Fluid milk.....	6,526	6,000
Shortening payments.....	469	500
Peanut butter.....	4,265	4,250
Feed wheat.....	41,200	25,000
For expanded or other programs.....		16,250
Total other noncrop programs.....	61,023	60,000
Grand total.....	427,975	535,000

Senator TAFT. These gentlemen are anxious to get away from the Appropriations Committee. We have had the subject up here and I do not object to what I would do for them here. That is the purpose of this amendment. Mr. Jones asked for \$2,000,000,000 and he has \$800,000,000 borrowing power he has not used. I am wondering if he cannot get along with less than \$2,000,000,000.

Mr. JONES. It seems we might not need quite all of it and I certainly hope we do not, but it seems with these limitations, something unusual might come up. We hope to hold the losses down.

Senator TAFT. It amounts to this. You will have \$2,000,000,000 plus \$800,000,000. Available borrowing power of \$800,000,000.

Mr. JONES. A lot of that has been committed.

Senator TAFT. That is all covered in this program. So really you will have \$3,000,000,000 of which you are to have the \$845,000,000 for subsidies. That looks like a good deal of money. I was wondering if \$1,500,000,000 would not be enough.

Mr. JONES. We think we ought to have the authorization covering whatever possible program we might be faced with. I would not like to have it too much because I think the fact we have the authority to use it will be a stabilizing effect.

Senator TAFT. Do you think your friends in the House of Representatives are going to cut it down to a billion and a half?

Mr. JONES. I think we can do all we planned to do within the terms of that, but I can understand the position of the committee. I think

we can do everything within that, and I think with a billion and a half we could get the job done and if an emergency arose come back and ask for more. However, with the restrictions you have in here, I think the \$2,000,000,000 would be more desirable.

Senator TAFT. The billion and a half is a revolving fund. They are resold and come in again. Last year it was we were not getting enough money. You just have \$800,000,000.

Mr. JONES. There are some 21 of these commodities and a number of which we never had support.

I am perfectly willing for you to write in any reasonable restriction on the use of the funds that will keep us from going wild, but I would like to have as nearly as possible the amount authorized so we could give assurance to the farmer that Congress was going to carry this out. I think it would be better to get the full amount. However, if Congress feels that it is wise to limit to a billion and a half, all right.

Senator TAFT. May I ask Mr. Shields about this amendment. The first sentence is clear. Instead of repealing the section of the Emergency Price Control Act, we simply say it shall not apply.

Mr. SHIELDS. Correct.

Senator TAFT. And then he goes on to say that—

the making of subsidy payments and the buying of commodities for resale at a loss for the purpose of maintaining maximum prices established pursuant to provisions of the Emergency Price Control Act of 1942, as amended and supplemented, shall be limited as follows.

Mr. SHIELDS. We have a statement of estimated costs of each category.

Senator TAFT. The question I have in mind—the making of subsidy payments and buying commodities is for the purpose of maintaining prices—you do not take them out from under this?

Mr. SHIELDS. No, sir.

Senator TAFT. That is what I was slightly afraid of.

Mr. SHIELDS. The program we have is to get production.

Senator TAFT. I am willing to use that as a definition, but it clearly includes anything. You see, that is one of the purposes, to keep the prices from going up to the consumer.

Mr. SHIELDS. Yes.

Senator BANKHEAD. Will you put that in the record?

Mr. SHIELDS. Yes, sir.

Senator TAFT. You have referred to two classes, crop program and noncrop program. Will you state to the committee which of these are crop operations and which are not?

Mr. JONES. You have that list.

Mr. SHIELDS. Yes; they are all listed on the sheet given you. Noncrop programs are listed on the statement. You have Cheddar cheese, and so forth.

Senator TAFT. Roughly speaking, the crop programs are those related to a particular crop, knowing what is going to happen afterward.

Mr. SHIELDS. That is right.

Senator TAFT. Whereas noncrop programs are related to production which is steady throughout the year.

Mr. SHIELDS. Yes, sir.

Mr. JONES. Is that all?

Senator TAFT. The only other thing—I believe I am correct in these outside figures. This would be \$845,000,000.

Mr. SHIELDS. That is correct. One other point, none of these categories include the amount involved in the export program.

Senator BANKHEAD. Mr. Jones, there is one thing I want to call attention to, and that is the extension of the prohibition against the sale of more than a million and a half bales of cotton. That was agreed to on the basis it was a prohibition carried in the sales which prohibit sales at less than parity, and I agreed to this on the basis that that would be done.

Now I know you cannot give any guaranty, but I wanted the record to show you have no objection to the appropriation containing that provision in the law which has been carried 4 or 5 years.

Mr. JONES. Of course, that is the policy that Congress has pretty well committed itself on for a period of years.

Senator BANKHEAD. That is the reason I am agreeing for this to go in.

Mr. JONES. I assume they will continue.

Senator BANKHEAD. You make no objections.

Mr. JONES. I certainly will not undertake to get out from under it.

Senator BANKHEAD. I see you make no objection.

Mr. JONES. No, sir. That is what they own and control. I am talking about our disposition of commodities.

Senator BANKHEAD. The same as in the present appropriation.

Mr. JONES. That is right.

Senator TAFT. I want to ask about section 2, just what this section—just what this language—means toward the end; “the corporation may sell or cause to be sold such stocks of such commodity below the parity or comparable price therefor.”

What does that mean, such manner as to increase the consumption of such commodity?

Mr. JONES. There are various areas, as you know, where we have only had a problem of getting into additional channels.

Senator TAFT. Is this an attempt to reestablish the—

Mr. JONES (interposing). I do not think it authorizes that correctly. If they want additional funds, Congress makes supplemental appropriations. We have that in a little different way. That particular phrase was put in because several wanted that phraseology. We felt emphasis should be placed in getting increased consumption.

Senator TAFT. I do not know how you would do it except by coming here.

Mr. JONES. That was not the thought in my mind at all.

Mr. SHIELDS. One of the examples I had in mind was this: If you could sell a certain commodity for 90 cents a bushel and you could sell it so it would go to the school lunch, we might increase consumption. You should sell it in a manner so it would increase consumption in the future, everything being equal.

Senator TAFT. The only trouble is once you start a thing like that, a program takes charge of the situation and overrules and prevails over this business of trying to get rid of this at a reasonable price. You have the school lunch set-up. The Commodity Credit subsidized school lunches.

Mr. SHIELDS. No; not the Commodity Credit. We have always held the Corporation must get the most money it can get.

Senator BANKHEAD. The point Mr. Shields is making was that was not done by the Commodity Credit Corporation.

Senator TAFT. I guess it was the Surplus Commodity Corporation. I apologize for that. This does not change that. I was wondering whether this would result in increased consumption.

Mr. SHIELDS. If you have a surplus it is a good idea to widen your markets.

Senator TOBEY. You are creating a future market.

Mr. SHIELDS. That is right.

Senator TAFT. If you want us to expand the markets.

Mr. SHIELDS. That is what we mean here. It just states our existing policy.

Mr. JONES. Is that all?

Senator BANKHEAD. Yes. There is one other witness I want to call, representing the C. I. O.

Senator TAFT. Mr. Shields. I suggest you go over the language and polish it up. We will have time, because the Senate will not be in session until Thursday.

**STATEMENT OF DONALD MONTGOMERY, CONSUMER COUNSEL
OF THE UNITED AUTOMOBILE WORKERS, CONGRESS OF IN-
DUSTRIAL ORGANIZATIONS, AND CHAIRMAN OF THE CONGRESS
OF INDUSTRIAL ORGANIZATIONS COST OF LIVING COMMITTEE**

Senator BANKHEAD. Have a seat, sir. What is your name?

Mr. MONTGOMERY. My name is Donald Montgomery, consumer counsel of the United Automobile Workers, C. I. O., and chairman of the C. I. O. Cost of Living Committee.

The Congress of Industrial Organizations has directed me to appear in support of S. 298 to continue the Commodity Credit Corporation and to increase its borrowing power from three to five billion dollars.

As representatives of millions of workers in the factories of America, we support this measure because we believe it is necessary as an aid to continued production of farm products at a high level, because we believe it furnishes necessary assistance to the price-control program, and because we believe it is necessary for carrying out the pledge which the Congress has made to the farmers of the country.

American agriculture recently determined its goals for crop production in 1945. In setting those goals it was faced with the choice of continuing farm output at the high level reached during the last 3 years, or of reducing production in the face of possible decline in demand for farm products during the next marketing year. It decided wisely and courageously in favor of continued high production. We believe that in so doing it rendered a patriotic service to the people of this country and to the people in liberated countries abroad.

This bill, which will guarantee continued price support on that large output, is a companion measure to the decision which the farmers made in setting their 1945 goals. The country owes them the safeguards embodied in this bill in return for the service they have been performing and will continue to perform producing the food and fibers we need.

Higher prices which have been paid for farm products during the war have presented a problem with respect to price control. Payments and loans on farm products which this bill authorizes have contributed substantially to maintaining price control, while assuring at the same time satisfactory prices to producers. It is therefore a companion measure to the Economic Stabilization Act and should be continued along with that act so that high farm output and stabilization of food prices may both continue.

In the act of October 2, 1942, the Congress authorized continued support of the prices of basic crops and proclamation crops for a period of 2 calendar years following the termination of hostilities. This measure gave a pledge to farmers that their efforts to increase production now would not be rewarded later with disaster in the markets for their products.

The bill before you is a companion measure to the pledge which the Congress on behalf of the Nation has given to the farmers. That pledge must be fulfilled.

During the past year elected officers of our unions have been asked by farm organizations to meet with them to discuss the problems of post-war which they face and we face and to inquire how their post-war objectives and ours may be brought into harmony and made mutually helpful. Through such discussions we have become familiar with the problem which farmers have met and overcome in getting out their large wartime crops. We find how substantially the output per person working on farms has increased above pre-war years. We find how closely this increase in productivity of farm manpower and of the farm plant parallels the increases that have taken place in the Nation's industrial plants.

We find, consequently, that farmers and factory workers are similarly faced with a choice that must be made when war ends. Shall we insist that the production of the goods of life be maintained at the high level which the war has shown to be possible, or shall we permit farms and factories once again to seek to become prosperous through scarcity—through attempts to curtail output artificially?

These discussions are proving to both of us, we believe, that if either the farms or the factories are to produce at full capacity, the other must do likewise. We don't believe we can maintain national security or well-being on a half-prosperous, half-poverty basis, or that one part of the economy can pursue abundance if the other half seeks the goal of controlled scarcity.

We know, of course, because experience has proved it, that if scarcity is the game that is to be played after the war, industry will play it only too well, while agriculture will continue to produce large crops even though farm income goes down to poverty levels. We know what that will mean to farmers, and we accept the responsibility for insisting that industry shall not follow this scarcity route to a false prosperity.

Because farms and factories must both follow a program of full production in order that they shall be assured of a market for their output, we on the factory side have a direct and personal interest in the maintenance of full farm production at prices profitable to farmers.

That is why we support this bill. It underwrites the high farm output set forth in the 1945 goals. It assures that prices on that

production shall provide good returns to farmers. It assures, therefore, that the farm share of national income will be protected into the future when, with the decline in Government spending, farm income again becomes a vital factor in the national purchasing power that will make full employment at high wages possible.

A great many of the workers of this country, both on farms and in factories, know that good incomes from farming and good incomes from jobs in factories are complementary not competitive. One group cannot prosper unless the other does. We believe that the Commodity Credit Corporation bill contributes toward that result for farmers and for wage earners.

We respectfully request your committee to approve this bill.

Senator BANKHEAD. Thank you, Mr. Montgomery.

Now, gentlemen of the committee, we will adjourn until Wednesday, and the committee will meet at 10:30 in executive session.

(Thereupon, at 4:50 p. m., an adjournment was taken until 10:30 a. m., Wednesday, January 31, 1945.)

(The following statements were later submitted for the record:)

STATEMENT OF W. R. OGG, DIRECTOR, WASHINGTON OFFICE, AMERICAN FARM BUREAU FEDERATION, BEFORE SENATE BANKING AND CURRENCY COMMITTEE, ON S. 298, TO CONTINUE THE COMMODITY CREDIT CORPORATION

Farmers are confronted with probably the most difficult year of the war. For 4 successive years they have produced record-breaking supplies of food to meet the needs of our armed forces, our allies, and our civilian population. Despite an acute shortage of manpower and shortages of farm machinery and other farm supplies, and despite many hampering and discouraging restrictions that have been imposed from time to time, farmers have made a phenomenal record.

Total farm production in 1944 was 21 percent higher than during the pre-war period 1935-39. Yet there were 4,748,000 less persons living on farms than there were in 1940. In fact, there were fewer hired and family worker on the Nation's farms on January 1 than on that date during the past two decades.

Farmers have been able to produce these record-breaking supplies of food only by toiling longer hours; by utilizing large numbers of elderly people, women, and children; and by increasing their efficiency. There have been no strikes or slowdowns on the farm production front. Farmers do not have a 40-hour workweek, with time and a half for overtime and double pay for Sundays and holidays. According to reports published by the Bureau of Agricultural Economics, in 1944 farm operators throughout the United States averaged 12.1 hours per day as of September 1 and 10.8 hours per day around the 1st of December; and hired workers averaged 10 hours per day on September 1 and 9.3 hours per day on December 1. Thus, even in the less busy season of December, the average farm operator worked more than 60 hours per week, not counting any work on Sunday; and anyone familiar with agriculture knows there is considerable work to be done on Sunday on the farm—especially on livestock and dairy farms.

This means that many farm operators were working as high as 80 hours per week. The average workweek in all manufacturing industries in September 1944 was 44.9 hours per week. In the face of these conditions, farmers have been requested recently in the food goals issued by the War Food Administration to increase their total production in 1945 by approximately 9,000,000 acres.

I am sure that every farmer is going to do his utmost to meet these food production goals, but the American people need to understand more fully the difficult job which the American farmer has to do.

One thing that governmental officials sometimes overlooks is the increased cost of production which results from utilizing a larger number of inexperienced workers and elderly people, women, and children for farm work, whose output necessarily is less than that of skilled, able-bodied workers.

It has been difficult to get the officials responsible for the determination of price ceilings to understand fully the farmers' production problem and to adjust price ceilings so as to get the maximum production. In a number of instances, price ceilings have been fixed at levels which are below the support prices the War Food Administrator determined was necessary in order to secure adequate production of food. In other cases, price ceilings have been fixed in such a manner

as to discourage the maximum output of food. When Congress takes up legislation to continue price control and wage stabilization, we hope that these matters will be properly clarified.

The Bankhead mandatory Commodity Loan Act of 1941, as amended, and the Steagall Act of 1941, as amended—both of which were advocated and supported by the American Farm Bureau Federation—have served as the framework of the wartime food production program and have brought about magnificent results. By putting floors under farm prices, these measures have enabled farmers to go ahead with confidence on an all-out program to produce the food and fiber required for the war effort. The record speaks for itself.

The Commodity Credit Corporation is the instrumentality utilized by the War Food Administration to provide commodity loans on basic commodities and to carry out necessary price-supporting operations to make good on the price guaranties for nonbasic commodities under the Steagall Act of 1941.

It is therefore imperative to continue the Commodity Credit Corporation to enable the Government to make good on its price-support guaranties to farmers. Otherwise, the entire food production program would break down.

The Commodity Credit Corporation is not only essential to the wartime food-production program, but it will also be vitally needed in the post-war period to help safeguard farm prices during that period. Farm prices must not be permitted to collapse as they did following World War I, when the bottom dropped out of farm prices. For 20 years thereafter farmers were on a basis of inequality with industry and labor. The collapse of farm prices and farm purchasing power ultimately brought ruin to the rest of the Nation.

At this point I would like to insert in the record a copy of the resolutions on "The National Farm Program" and "Inflation Control and Price Control," which were adopted by voting delegates from 45 States at the last annual meeting of the American Farm Bureau Federation in Chicago on December 14, 1944. I quote the following statement from the resolution on Inflation Control and Price Control:

"We urge the continuation and strengthening of the Commodity Credit Corporation as a constructive means of handling the surpluses and effecting price supports."

The life of the Commodity Credit Corporation expires on June 30, 1945, unless Congress enacts legislation to continue it. We therefore urge enactment of legislation extending the life of the Commodity Credit Corporation and providing adequate funds to enable it to make good on its price support guaranties to farmers under the terms of the Bankhead Commodity Loan Act, as amended, and the Steagall Act, as amended.

With respect to the provisions of the Bankhead bill (S. 298), we wish to respectfully submit the following comments and recommendations:

1. *Amount of funds.*—Section 1 increases the maximum borrowing authority of the Corporation from \$3,000,000,000 to \$5,000,000,000—an increase of \$2,000,000,000. We favor the provision of adequate funds to enable the Corporation to carry out its price-supporting responsibilities under existing legislation. We have not had any opportunity to study the estimates or the supporting data for these estimates, which make up this request for an additional \$2,000,000,000 and are therefore not in a position at this time to advise as to the exact amount of money which is required. We believe the total funds should be limited to the amount of justifiable need to carry out the Corporation's price-supporting responsibilities under existing laws. We are opposed to the use of any funds of the Corporation for consumer subsidies, and we oppose the provision of any funds for that purpose.

2. *Sales to prevent spoilage.*—The provision in section 2 authorizing sales below parity prices in order to prevent losses or waste through spoilage appears to be a reasonable one. It is our understanding that it is the intent of this provision to limit such sales to prevent actual loss or waste through spoilage.

In order to assure that there will be no misunderstanding, it may be desirable to clarify the language of this provision, by striking out the words in lines 2 and 3, page 2, "such stocks of such commodity"; and in line 3, after the word "therefor," insert "such quantities of such stocks as may be necessary to avoid loss or waste through spoilage." The purpose of this language is to make it clear that whenever there is danger of spoilage of the stock of a commodity, that only that portion of the stock in danger of spoilage would be sold.

3. *Suspension of limitation on cotton sales.*—Section 3 of this bill would suspend until the expiration of 2 years after the termination of the existing emergency the present restriction against the Commodity Credit Corporation of selling not more than 300,000 bales of cotton in any calendar month, or more than 1,500,000 bales in any one calendar year.

We see no objection to this suspension under present conditions, if the other provisions of law for the protection of farm prices are retained, and particularly the provision now contained in the Agricultural Appropriation Act which prohibits sales of agricultural commodities below parity.

4. *Exemption from Taft amendment.*—Section 4 exempts the operation of the Commodity Credit Corporation from the Taft amendment in the Stabilization Extension Act of 1944 (last paragraph of sec. 2e). This provision in the Stabilization Extension Act reads as follows:

"After June 30, 1945, neither the Price Administrator nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing, directly or indirectly, the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose; and appropriations for such purpose are hereby authorized to be made."

It is our understanding that the purpose of this exemption in the Bankhead bill is to assure that the Commodity Credit Corporation can go ahead with its price-supporting responsibilities and operations and be in a position to assure farmers in advance of the planting season that the Corporation will have sufficient funds and authority to make good on its price-supporting guaranties at harvest time next fall. We agree that it is vitally important that farmers have proper assurance that the Commodity Credit Corporation will be able to make good on its price-support guaranties which it has announced, but the situation is complicated by the fact that the Office of Price Administration has placed in effect price ceilings on some agricultural commodities at levels below the support prices to farmers, or at levels which will not permit processors or distributors to reflect the support prices to farmers without subsidy payments. In such instances, the losses or payments resulting therefrom obviously are in the nature of consumer subsidies in order to avoid passing on this increased cost to consumers. The situation is further complicated by the fact that the Stabilization Extension Act, which includes the Taft amendment, expires on June 30, 1945.

At this point, I wish to make clear that the position of the American Farm Bureau Federation with respect to consumer subsidies is unchanged. I quote the following excerpt from a resolution adopted at the last annual meeting of the Federation in Chicago on December 14, 1944:

"We affirm our unalterable opposition to subsidies in lieu of fair prices in the market place."

We hope that Congress will take appropriate action to eliminate such subsidies and to require appropriate adjustments in price ceilings which will make such subsidies unnecessary. We recognize, however, that it is the responsibility of Congress to determine what legislative procedure will best accomplish this objective.

At this point, I wish to point out that it is exceedingly important for the public to understand the difference between losses which arise as an incidental result of price-supporting operations under the Bankhead Act and the Steagall Act, and consumer subsidies to which I have referred. The losses of the Commodity Credit Corporation resulting from true price-supporting operations are incidental losses incurred because of unforeseen surpluses of agricultural commodities which temporarily depress market prices below support prices and because of the necessity of the Corporation having to step into the market and purchase a part of the surpluses and remove them from market channels in order to make good on its price-supporting guaranties. In such instances the farmer has done his part by producing adequate supplies to meet the consumer requirements, but due to unforeseen weather conditions or other factors beyond the control of the individual farmer, the total supply temporarily may be in excess of immediate requirements, and there may be some temporary losses incurred.

On the other hand, consumer subsidies are outright gifts out of the Public Treasury to the consumer and are made for the purpose of avoiding increased prices in the market place to the consumer. It is admitted that the prices to farmers must be maintained in order to offset increased costs and to get the necessary production, but instead of passing on this increased cost to the consumer in the form of market prices, this additional cost is absorbed by the Government by the use of borrowed funds of the Commodity Credit Corporation or the Reconstruction Finance Corporation.

With national income at a \$150,000,000,000 level—the highest on record, and approximately double the pre-war national income—it cannot reasonably be argued that the consuming public is unable to pay these increased costs, which, in the aggregate, would amount to between one and two billion dollars, which is only

about 1 percent of the national income and only between 1 and 2 percent of the total wage income.

5. *Appraisal of assets and liabilities.*—Section 5 of this bill changes the date for appraisal of the assets and liabilities of the Corporation to June 30 instead of March 31 and utilizes the average market price during the last month of the fiscal year instead of the preceding 12 months. We see no objection at this time to these proposed changes.

6. *Date of extension.*—Section 6 of the bill extends the termination date from June 30, 1945, to June 30, 1947. We believe it is desirable to have a congressional review of the operations of the Corporation at reasonably frequent regular intervals. On the other hand, a reasonable degree of continuity of policy is desirable in order that farmers can make their farm production plans accordingly. We therefore believe that a 2-year extension is a reasonable provision.

STATEMENT OF FRED BRECKMAN, WASHINGTON REPRESENTATIVE OF THE NATIONAL GRANGE, BEFORE SENATE COMMITTEE ON BANKING AND CURRENCY ON S. 298; TO CONTINUE THE COMMODITY CREDIT CORPORATION

Under prevailing conditions the Commodity Credit Corporation is an indispensable agency of the Government, and it is essential to the war effort that it should be adequately financed so that it may properly perform the functions devolving upon it.

The Commodity Credit Corporation is primarily a financing institution, making loans to farmers on commodities stored on farms and in warehouses and in supporting prices to promote increased production of farm commodities for war needs. Loans to farmers are intended to protect farm income, stabilize agricultural prices, and to assure adequate supplies of farm products.

To prevent a repetition of the disastrous experience that befell American agriculture after the close of World War I, Congress enacted legislation placing a floor under farm prices for 2 years after the termination of hostilities. This floor is placed at 90 percent of parity and applies to all basic commodities with the exception of cotton, where the figure is 95 percent.

In addition to the basic commodities—corn, wheat, cotton, tobacco, rice, and peanuts—price supports are also provided for nonbasic agricultural commodities concerning which the Secretary of Agriculture has asked for expanded production to meet the war emergency. This group of commodities includes hogs, chickens, eggs, turkeys, butter, certain varieties of dry peas, dry edible beans, soybeans, peanuts and flaxseed for oil, American-Egyptian cotton, potatoes, and cured sweetpotatoes.

Price-support programs are also being carried out with respect to wool, naval stores, American hemp, sugar beets, sugarcane, black-eyed peas, beans, certain fruits and vegetables for processing, barley, grain, sorghums, Sea Island cotton, certain vegetable seeds, clover seed, and hay and pasture seed.

The price supports provided in the programs of the Commodity Credit Corporation have, on the whole, produced splendid results. Considering the magnitude of the operations involved, these price supports have entailed comparatively small outlays on the part of the Government.

A prime essential in the successful prosecution of the war is an adequate supply of food. There is no doubt whatever that our system of price supports has greatly helped to meet production goals. Farmers have been encouraged to produce to the limits of their capacity, knowing that there was need for all the food that could be grown and that they would be protected against loss. Under these circumstances, notwithstanding that more than 4,000,000 workers left our farms during the past several years to enter the war industries and the armed services, those who remain to till the soil, aided by favorable weather conditions, have wrought one of the greatest production miracles of all time. In 1943 our food production was 29 percent above the 5-year pre-war average, while last year this increase was placed at 33 percent. Each year for the past 6 years the all-time high record of the previous year was eclipsed. We are now producing 50 percent more food than we did during any year of World War I.

The production records established by American agriculture during these war-time years is all the more remarkable when it is remembered that, in addition to the shortage of labor, our farmers have, on the whole, been handicapped by lack of machinery and supplies, together with inadequate transportation facilities largely due to the need of conserving motor fuel for war purposes.

Fortunately, we have had no general crop failures since the United States entered the war. Broadly speaking, weather conditions have been very favorable. However, according to the law of averages, we cannot expect this to continue indefinitely. No stone should, therefore, be left unturned to assure an adequate food supply.

S. 298, the bill now before the Committee on Agriculture and Forestry, would continue the Commodity Credit Corporation from June 30, 1945, to June 30, 1947, or a period of 2 years. Section 1 of the bill would expand the borrowing power of the Corporation from \$3,000,000,000 to \$5,000,000,000. As we understand it, this increase is intended to supply the needs of the Corporation for a period of 2 years.

Perhaps it would be well to make the extension for 1 year only after June 30, 1945, and to reduce the expansion of the borrowing power of the Corporation proportionately. At the end of another year, it would be possible to estimate more accurately than at present the amount by which the borrowing power of the Corporation should be enlarged. While support prices, intended as an incentive to production and to safeguard farmers against loss, can be defended as a sound business proposition, with farmers working under ceilings imposed by the Office of Price Administration, the Grange is strongly persuaded that neither the funds of the Commodity Credit Corporation nor those of any other agency of the Government should be expended in paying consumer subsidies under present conditions. However, with the national income reaching the unprecedented total of approximately \$150,000,000,000 a year, and with the buying power in the hands of consumers far in excess of the supply of consumer goods, we have inaugurated a policy which results in holding the prices on various commodities below the cost of production, and then making cash payments to farmers to enable them to continue in business.

The Grange regards this whole program as unsound and degrading. While, in reality, the subsidy is paid for the benefit of the consumer, the stigma of drawing money out of the Treasury attaches to the farmer, who is helpless because the Office of Price Administration has placed ceilings upon his products that are admittedly below cost of production. The self-respecting farmers of the country naturally prefer compensatory prices in the market place for their products, rather than Federal hand-outs which make them appear like wards of the Government.

We are aware that, theoretically, the present plan represents an attempt on the part of the Government to prevent inflation. The theory is that by keeping food costs below the cost of production, advances in wages which would have an inflationary effect may be held in check; but this overlooks the fact that the money needed to pay subsidies is borrowed money, and it cannot be too strongly emphasized that increasing the public debt infallibly has an inflationary effect.

As of January 27, 1945, the public debt of the United States, together with guaranteed obligations, amounted to \$233,530,000,000, an increase of \$59,985,000,000 during the preceding year. Placing our population at 138,000,000, and reducing the debt to a per capita basis, gives us \$1,692 for each man, woman, and child, or \$6,768 for an average family of four. In view of these colossal figures, we do not believe that it is in accord with sound public policy to pursue a program which unnecessarily increases the public debt.

The fact is that earnings of industrial workers have increased much faster than the cost of living, as is shown by the figures contained in the following table, compiled by the Bureau of Agricultural Economics:

Comparative changes in costs of living and income of industrial workers, 1935-39 to November 1944

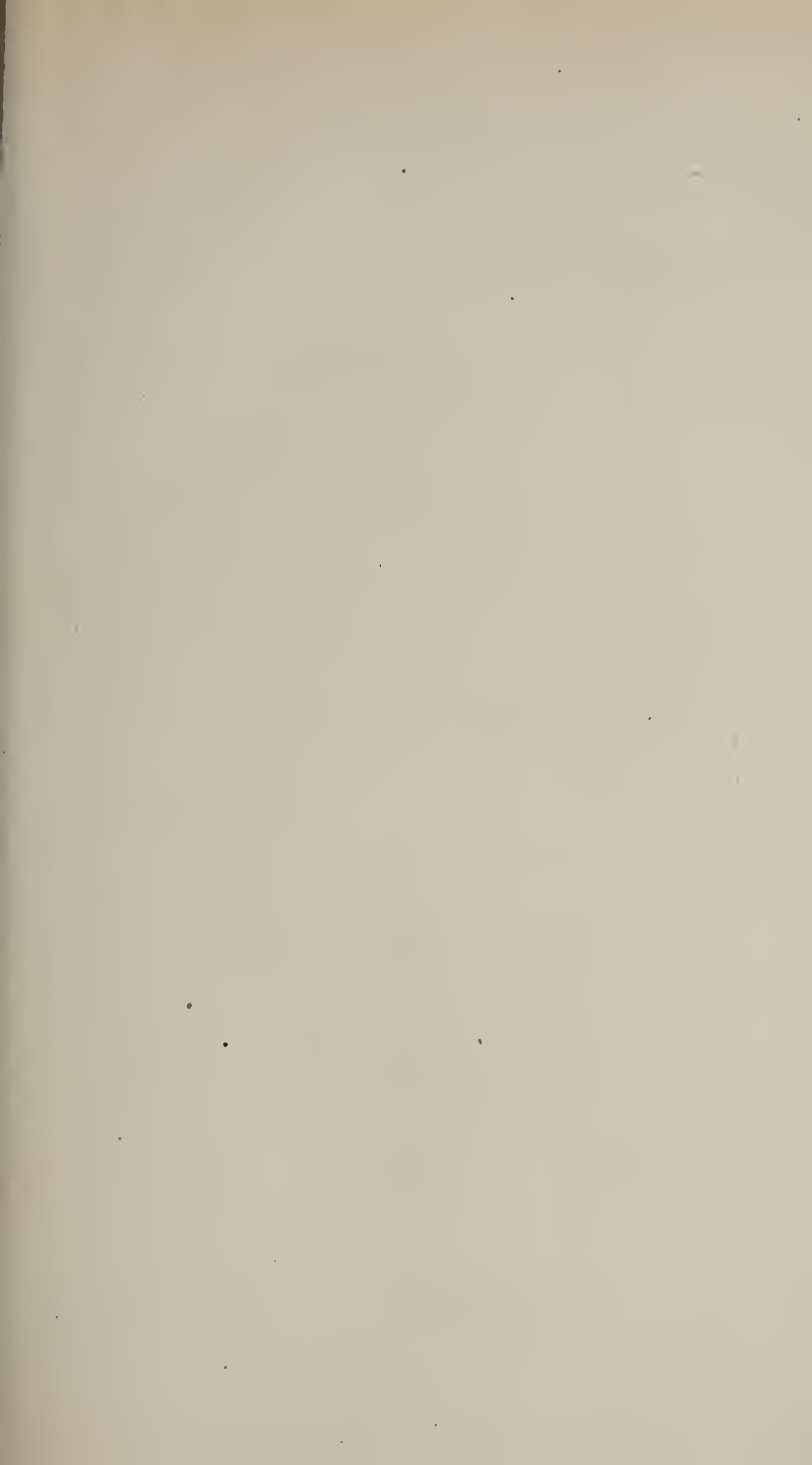
	1935-39	January 1941	November 1944
Cost of living.....	100	100.8	126.5
Food costs in costs of living.....	100	97.8	136.5
Living costs other than food.....	100	102.3	121.3
Hourly earnings of factory workers.....	100	112.7	¹ 170.2
Wage income per industrial worker.....	100	118.7	203.8

¹ October.

It is estimated that the accumulated savings of the people today aggregate approximately \$125,000,000,000, and there is no need for the payment of consumer subsidies so far as the overwhelming majority of the people are concerned. However, we do not advise the complete abandonment of the subsidy program immediately. Having embarked upon this unsound policy, we should try to gradually extricate ourselves in a manner that will not give too great a shock to our economy.

Neither the Commodity Credit Corporation nor any other agency of the Government should be permitted to subsidize consumers unless such payments have been specifically authorized by Congress

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REPORT OF THE COMMISSIONER OF THE
LAND OFFICE

1900

ANNUAL REPORT OF THE COMMISSIONER OF THE
LAND OFFICE
FOR THE YEAR 1900

ALBANY

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CONTINUANCE OF COMMODITY CREDIT CORPORATION

HEARINGS BEFORE THE COMMITTEE ON BANKING AND CURRENCY HOUSE OF REPRESENTATIVES SEVENTY-NINTH CONGRESS FIRST SESSION ON

H. R. 2023 SUPERSEDING H. R. 1450

A BILL TO CONTINUE COMMODITY CREDIT CORPORATION
AS AN AGENCY OF THE UNITED STATES, INCREASE
ITS BORROWING POWER, REVISE THE BASIS
OF THE ANNUAL APPRAISAL OF ITS
ASSETS, AND FOR OTHER PURPOSES

JANUARY 31, FEBRUARY 1 AND 2, 1945

Printed for the use of the Committee on Banking and Currency



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CONTINUANCE OF COMMODITY CREDIT CORPORATION

WEDNESDAY, JANUARY 31, 1945

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

(The committee met at 10:30 a. m., Hon. Brent Spence (chairman) presiding.)

The CHAIRMAN. The committee will be in order.

I regret that the dais only provides 23 seats, and our committee now consists of 27 members. We have prepared seats for the four other members in front of the dais around a table.

I am very glad to welcome the new members on our committee. It is very customary to say pleasant things to our colleagues, but I can say with genuine sincerity that I am greatly pleased with the new members of this committee and I am sure the other members join in that sentiment. We wish you happiness and genuine pleasure in the friendship that exists between the members of this committee and we know that you will become a part of it. We welcome you and we hope your duties here will be a pleasure.

We are to consider H. R. 1450 this morning and we are going to have Judge Jones as our first witness. I do not think there is anybody in the United States who better understands the problems of agriculture and is better equipped to talk on those problems than Judge Jones. For years he was a distinguished Member of the House and was the chairman of the Committee on Agriculture and we are glad to have him here this morning as a witness.

(H. R. 1450 is as follows:)

[H. R. 1450, 79th Cong., 1st sess.]

A BILL To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$3,000,000,000" and inserting in lieu thereof the term "\$5,000,000,000."

SEC. 2. In the event the War Food Administrator determines that there is danger of loss or waste through spoilage in the stocks of any nonbasic perishable commodity owned or controlled by the Commodity Credit Corporation, the Corporation may sell or cause to be sold such stocks of such commodity below the parity or comparable price therefor and the Corporation shall, insofar as practicable, make such sales, or cause them to be made, in such manner as to increase the consumption of such commodity and to prevent the depression of the farm price of the commodity.

SEC. 3. The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the two-year period beginning with the 1st day of January immediately following the

date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated.

SEC. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities, or to absorb abnormal costs in connection with the transportation of agricultural commodities and foods.

SEC. 5. The first two sentences of section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, are hereby amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

SEC. 6. The first sentence of section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by striking out "June 30, 1945" and inserting in lieu thereof "June 30, 1947."

The CHAIRMAN. Secretary Wickard had a short statement he desired to incorporate in the record. I think it will only take 2 or 3 minutes, and I have asked Mr. Shields, the general counsel of the Commodity Credit Corporation, to read Secretary Wickard's statement.

STATEMENT OF HON. CLAUDE R. WICKARD, SECRETARY OF AGRICULTURE

(NOTE.—The statement of Secretary Wickard was read by Robert H. Shields, Solicitor, Department of Agriculture, and general counsel of the Commodity Credit Corporation, as follows:)

I want to say that H. R. 1450 as introduced by Mr. Spence has my complete approval.

As I understand this resolution, it extends the life of the Commodity Credit Corporation until June 30, 1947; it increases the borrowing power of the Corporation to \$5,000,000,000; removes the restrictions on the quantities of cotton that may be sold so long as loans are maintained at 92.5 percent of parity; provides for the sale of nonbasic perishable agricultural commodities in case of danger of loss or waste through spoilage; and modifies certain restrictions, applicable to C. C. C., contained in section 2 (e) of the Emergency Price Control Act of 1942 as amended by the Stabilization Extension Act of 1944. It seems to me that all of these provisions are desirable not only in the interest of American farmers but also in the interest of the entire Nation in the effective prosecution of the war and in coping with transitional problems after the fighting stops.

In my opinion the real purpose of the C. C. C. is to stabilize supplies and prices of agricultural commodities. We recognize that it is extremely desirable that food production be maintained at as high a level as possible while, at the same time, food prices are kept stable without penalizing the farmer or contributing to inflation. In this connection, it seems desirable to modify the subsidy restrictions in the Stabilization Extension Act of 1944 so as to permit the operation of C. C. C. to be more flexible. This modification would allow farm prices to be maintained at such levels as are necessary to get production without forcing an increase in the price of food at retail.

As for the extension of C. C. C., I sincerely believe that the life and borrowing power of the Corporation should be extended as provided in H. R. 1450 in order to assure farmers that funds and authority to carry out existing commitments will be at hand when needed. Farmers have been asked by their Government to increase production, and the Congress has specifically provided that the prices of the basic commodities, as well as the prices of other commodities for which substantial increases in production are asked, shall be supported at not less than 90 percent of parity—or in the case of cotton 92.5 percent—for at least 2 years after hostilities cease. None of us knows when it will be necessary to take more positive steps to carry out the price-support commitments that have been made to farmers who have increased their production. So farmers should have assurance now, in advance of planting season and in advance of livestock production, that they are going to be amply protected against any sudden, drastic changes in prices.

I also want to commend the section of the bill which provides for the removal of the restrictions on the amounts of cotton which may be sold until 2 years following the end of the war. As we all know, the carry-over of American cotton in the United States was in excess of 10,000,000 bales on last August 1, and in addition contained an abnormally large proportion of nontenderable grades. As a result, it seems to me especially desirable that a maximum amount of administrative responsibility should be available with regard to the amounts that may be sold should such opportunities arise. And with reference to stocks of perishable commodities which are in danger of wastage or spoilage, it seems to me only common sense to provide that they may be disposed of under the conditions specified in H. R. 1450.

The CHAIRMAN. We will now hear Judge Jones.

STATEMENT OF HON. MARVIN JONES, WAR FOOD ADMINISTRATOR

Mr. JONES. Mr. Chairman and members of the committee, I have no prepared statement but I would like, if it is the pleasure of the committee, to be permitted to make a brief explanation of the bill, followed by an explanation of some charts that have been prepared, and insofar as it is practical to do so, without interruption. In that way I think we can get a better picture before the committee and then we will undertake to answer any questions that the committee desires to ask insofar as we are able to do so.

The CHAIRMAN. I am sure the committee will comply with your request.

Mr. JONES. The bill, H. R. 1450, as we see it, substantially gives the authority which we think is essential to the carrying out of the commitments made by the Congress.

You will note that it increases the borrowing power, as the bill has been introduced by the chairman, and the obligations of the corporation from \$3,000,000,000 to \$5,000,000,000.

That is a considerable amount of money, but, as we see it, it is needed in order to have assurance in advance that we will be able to comply with the policy laid down by the Congress, and it is a policy that I regard as a wise one.

As all of you know, we have been called upon in the last few years to undertake, on a vast scale, activities that are different from the

normal activities of this country. While this seems like a considerable sum of money—and it is—yet laid alongside the vast expenditures that are necessary for tanks, guns, planes, and other products of war it is small. We are spending for all those activities around a hundred billion dollars a year. That is also a tremendous sum. But whatever is necessary, it seems to be the general thought should be expended.

Now, in making those expenditures, we make a contract with the manufacturer and pay him in cash. The farmer cannot very well be treated in that way because of the peculiar nature of his product, and because of the vast number of individuals engaged in the production of food and fiber in this country. Therefore, instead of paying him in cash and having individual contracts, which would be impracticable, the committee felt and the Congress determined that we should have a support-price program that would last not only during the war period but for 2 years after the war. That was a wise course, because in getting the increased production the farmer must go to considerable expense, not only for facilities but in expanding his productive activities. That obligation and that burden is increased by virtue of the difficulties of manpower, materials, machinery, and supplies of all kinds.

Section 2 of the bill makes a little change in the provisions for disposing of commodities which the Commodity Credit Corporation finds on its hands or under its control in carrying out the support-price commitments. It provides that in the event the War Food Administrator determines there is danger of loss or waste through spoilage in the stocks of any nonbasic perishable commodity owned or controlled by the Commodity Credit Corporation, the Corporation may sell or cause to be sold such stocks of said commodity below the parity or comparable price therefor, and the Corporation shall, insofar as practicable, make such sales, or cause them to be made, in such manner as to increase the consumption of such commodity and to prevent the depression of the farm price of the commodity.

We consulted with the chairman and various members of the committee, and also with the farm groups, and some of these changes were made at the suggestion of the farm groups. We tried to get a consensus of all groups in working these problems out, on a basis that would enable us to cause these commodities to flow into the channels of use rather than have them spoil on our hands.

You understand that a large part of food is perishable or semi-perishable in nature. There are certain basic commodities that are not, but there are many commodities which are.

We are willing to accept any reasonable provisions, of course, that the committee may find necessary, in order to safeguard this provision, and we want to carry out the purposes as laid down by the Congress, as best we can. Most of the problems arise in connection with carrying out the support price, or in connection with the 21 commodities on which we support prices directly, and from time to time other commodities which it may seem desirable that we purchase rather than permit price collapses in connection with activities.

Section 3 removes the limitation on the amount of cotton that can be sold during any one month or any one year. There is a limitation of 300,000 bales. That was put into the law at a time when the loan was ranging from 52 to 75 percent. We will discuss that more

fully later. And at the time that limitation was put in it was to keep away from any possibility that a sale of cotton much below parity might depress the price unreasonably. There is no longer any great need, as we see it, for that provision, since the support loan is on a mandatory basis at 90 percent or better, and with the added obligation that was put on the various agencies of the Government to undertake to maintain parity prices until June 30; and certainly the vast amount of any of these commodities, and especially cotton, that we might have on hand make it desirable that the limitation on sales be removed at least for the period that support-price commitments are on a mandatory basis.

Mr. BROWN. Do you think it is desirable just to extend that provision for 2 years or to remove it altogether?

Mr. JONES. We would have preferred, and at first suggested, that it be removed altogether. I have an idea that support prices on some basic commodities will be continued for even a longer period, and with the general policy laid down by the Congress I can see no reason for having the limitation at all. And yet Senator Bankhead and others of the Senate committee felt it was desirable to have the suspension just applicable for the period of mandatory support-price program.

There is not any great modification in the previous sections to the provision that is carried from year to year in the appropriation bill.

Section 4 is put in for the purpose of making it clear that the limitations that were put in the Stabilization Act, which was extended, would not apply to the activities of the Commodity Credit Corporation in connection with support prices and in the securing of production and the payment of freight to iron out differences. We had considerable discussion on that, and the Congress, in putting that in, of course, had certain objectives in mind. There is quite a difference of opinion among legal counsel as to whether or not that might not stop all these activities. Just to make clear that it did not do so, and I have no intimation that the Congress did intend to stop these activities, we put the provision in.

There was some discussion of some amendment to that effect before the Senate committee, before whom we also appeared, and at their request we undertook to work out some suggestions with them and this committee may want to go into that at the proper time.

Section 5 is simply to amend the method of auditing and appraising, which was included in the bill that was passed by the Congress. This is in exactly the same form that it passed the Congress, and it was put in the bill, as you will recall, which was vetoed by the President, and the resolution which extended the life of the Commodity Credit Corporation was passed, and they left out the provision, and I assume that particular provision would occasion no controversy.

The last section extends the life of the Commodity Credit Corporation for a period of 2 years. A little later we will file a table showing the present status of the funds of the Corporation, and a table showing the break-down of the needs for the increased funds.

We used in the committee for many years a system of tables and charts that I have found very helpful in getting an understanding of the picture before the committee, and we have carried through such a system of charts here. They will show just what action the Con-

gress has taken from time to time and the steps that we have taken in our endeavor to carry out the purpose and the intent of the Congress.

The purpose of the charts and supporting statistics which follow, is to show why additional borrowing power for the Commodity Credit Corporation should be made available to fulfill war time price support commitments to farmers.

The following pages of charts will reveal:

First, actions taken by Congress to support farm prices.

Second, price-supporting operations of the War Food Administration under programs authorized by Congress.

Third, the effects of support prices on farm production, farm income, and retail prices.

Fourth, importance of adequate funds to support prices effectively when war demands decline.

Congress voted to support farm prices on basic crops.

In 1933 the Commodity Credit Corporation was created to make loans to farmers.

In 1935 Congress continued the use of all Commodity Credit Corporation resources for loans on agricultural commodities. I might state that the legislation was simply a general authorization for the making of loans to farmers in connection with these crops without any definite outline of the amount. It was simply a general authorization for making loans.

In 1937 Congress made loans mandatory at rates from 52 to 75 percent of parity on basic crops: Cotton, corn, and wheat.

In 1941 Congress raised the loan rate to 85 percent of parity and added tobacco, rice, and peanuts, as basic crops.

In 1942 Congress extended loans on basic crops for 2 years after the war at 90 percent of parity.

In 1944 Congress increased the loan rate on cotton, first to 92½ and then to 95 percent of parity.

That shows the expansion of this activity and the effort the Congress has made to get a workable program, that was worked out in the light of experience, and that would get the job done of assuring the farmers of a reasonable return for his commodities and to prevent a price collapse which sometimes comes when production, because of favorable or unfavorable weather conditons, has tended to get out of bounds one way or the other.

Congress voted to support farm prices for wartime expansion.

In 1941 the Steagall amendment directed price support of not less than 85 percent of parity on nonbasic commodities for which wartime expansion of production was requested by official proclamation. The

members of the committee who have been here during the previous Congress are familiar with that because the committee handled that particular provision, and you know the reasons for and the whys of its enactment.

Congress also directed a fair parity relationship for all other non-basic commodities.

In 1942 Congress increased the support level for "Steagall commodities" to not less than 90 percent of parity and extended such supports until 2 years after January 1, following the end of the war. The 90 percent of parity level for Steagall commodities is a minimum rate and is mandatory.

As directed by Congress, the War Food Administration is making loans, purchases, or payments to support the prices of some 26 different commodities including wheat, corn, cotton, rice, tobacco, peanuts, soybeans, flaxseed, dry edible beans, dry field peas, potatoes, cured sweet-potatoes, hogs, milk and butter fat, eggs, sugar beets, Louisiana and Florida sugarcane, rye barley, grain sorghums, vegetables for canning, fresh vegetables, dried fruits, winter cover crop seeds, hay and pasture seeds, and naval stores.

Mr. SMITH. What do you mean by "support price"? Do you mean subsidy?

Mr. JONES. In some instances they are subsidies. Where the price ceiling is at a point where the required production could not be secured without added return to the farmer there have been subsidies in those instances.

In the payment, for instance, on certain canning crops, it was necessary to have payments made to the processor on condition that he had paid no less than a certain price to the farmer.

Mr. SMITH. Would that not be a subsidy?

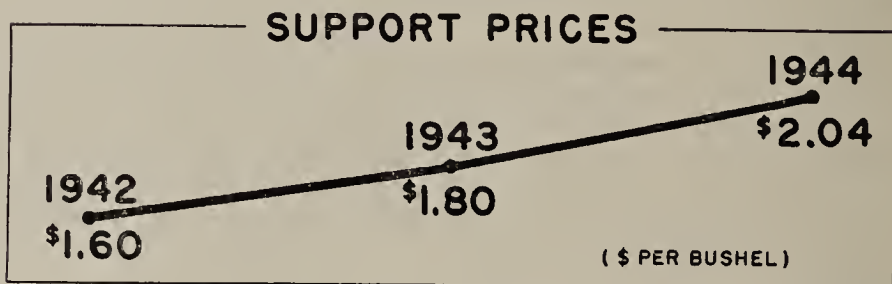
Mr. JONES. It might or might not be a subsidy, depending upon whether or not it was necessary to make the payment and the amount of the payment. It runs to a subsidy in some instances, and in others it is not. We will undertake to explain that in detail, as you wish, as we go along, and for that purpose we have here the various men who have had charge of the operation of this program. We have Frank Hancock, the president of the Commodity Credit Corporation, and a former member of this committee, I believe; and we have Mr. Farrington, who will explain in detail the basic commodities of which he has charge; and Colonel Olmstead, other commodities; the dairy program will be explained by N. E. Dodd, if the committee wishes detailed information on these various programs.

Now just to give you an example at this time, without going into detail, which can be done later, we will take the chart covering soybeans.

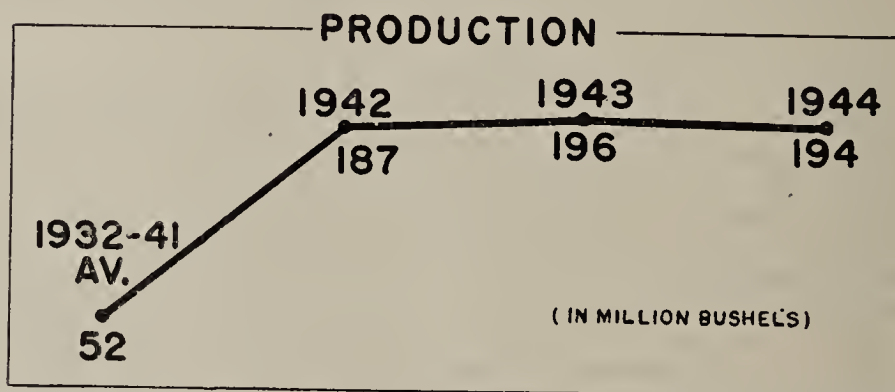
(The chart referred to follows:)

SOYBEANS

Soybean prices have been supported by loans and purchases. CCC bought at support levels 1943 and 1944 crops for crushing.



Farmers responded by increasing wartime production nearly 4 times prewar.



Mr. JONES. Soybean prices have been supported by loans and purchases. The Commodity Credit Corporation bought at support levels in 1942, 1943, and 1944 crops for crushing.

The support price started in 1942 at \$1.60, rose to \$1.80 in 1943, and in 1944 was leveled off at \$2.04 per bushel.

The effect that support prices have on production is indicated by the lower part of the chart, as follows:

Before the war the production of soybeans averaged 52,000,000 bushels. The first year that support price was put in the production increased to 187,000,000 bushels. The reason the support price was put

in at that time was the greatly increased need for fats and oils; you will recall that we had a shortage of oils and fats, and had a great need for fats, and there are many uses of the soybean in that connection as well as for food, and it was found to be a very desirable crop.

In 1943, when the support price was again lifted, production went up from 187,000,000 in 1942 to 196,000,000. In 1944 it was 194,000,000 bushels.

As a matter of fact, in 1944 about the same acreage was planted by the farmer, and as you all know, he has the uncertainties of the elements to deal with and the yield per acre in the major producing areas was not quite so great in 1944.

I use that in a general way as an illustration of one of the commodities.

We will now take up wheat.



WHEAT

Wheat prices are supported by
both loans and purchases.

In 1944 CCC loans were made on
167,000,000 bushels of wheat
and CCC also purchased 219,000,000
bushels.

CCC will buy 1944 loan wheat
which is unredeemed by the end of
the season at parity prices less
carrying charges.

Wheat prices are supported by both loans and purchases.

In 1944 C. C. C. loans were made on 167,000,000 bushels of wheat and C. C. C. also purchased 219,000,000 bushels.

C. C. C. will buy 1944 loan wheat which is unredeemed by the end of the season at parity prices less carrying charges.

That announcement was made pursuant to the provision that was put into the Stabilization Price Act last year requiring that all legal steps be taken to secure parity under June 30, 1944.

Here is an interesting chart. Aided by price supports, farmers produced record amounts in each war year.

In 1944 the farm production is one-third above the pre-war 1935-39 average.

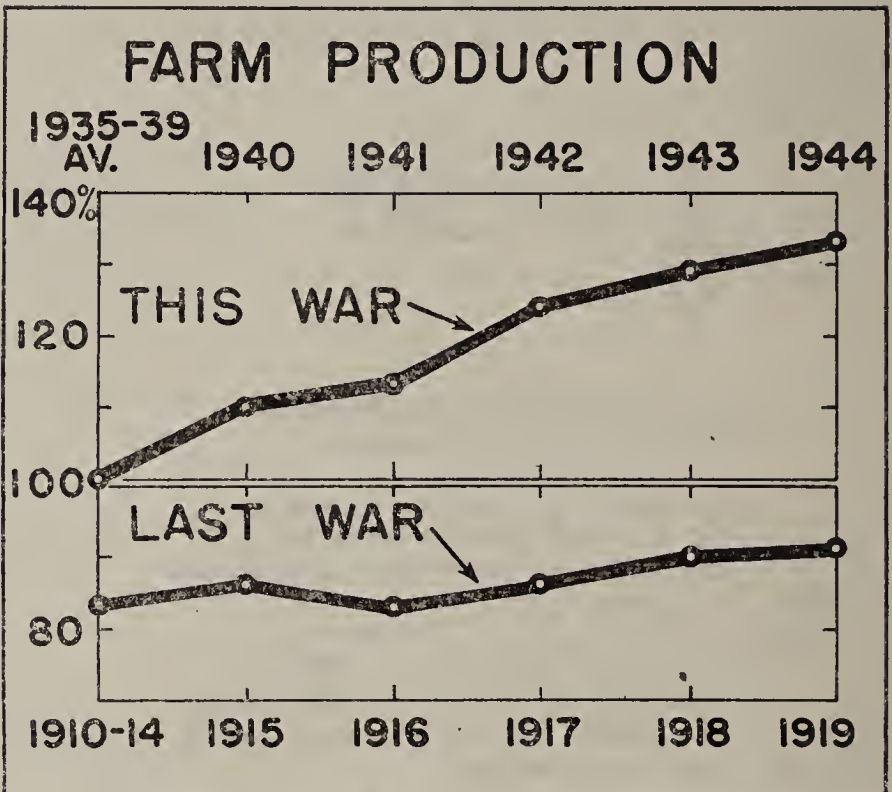
In contrast, 1918 farm production was less than one-tenth above the 1910-14 average.

FARMERS PRODUCED

Record amounts in each war year

1944 farm production is $\frac{1}{3}$ above the pre-war 1935-39 average.

In contrast, 1918 farm production was less than $\frac{1}{10}$ above the 1910-14 average.



Here is a figure on the chart which shows how production has gone up during this war. Starting with the 1935-39 average as a 100-percent basis, it goes up until in 1944 we had something like 136 percent.

In the other war, when we had no support prices, the production went up only about one-tenth. That is shown on the lower chart here.

Mr. SMITH. Do you attribute all of your rise in farm products to price supports? What do you have to say about the better methods and ways which farmers have for producing crops?

Mr. JONES. If I left the impression that it was all due to price supports, I want to correct that impression. It was not all due to that. I think that there are other elements that went into it.

I think that better methods had something to do with it, but those better methods began before the war period this time. They were already somewhat in the picture at the time the war started.

I think in both wars the farmers did a heroic job in production, because the women and children worked, and the older people worked overtime without regard to hours or anything else, especially during the harvesting and heavy planting season.

Of course, there were other elements that went into it.

Regarding what you mentioned, I think soil practices and soil methods have had much to do with it. That activity showed an increase during the 1935-39 period, and during that time when the soil practices were in operation production was increasing.

This top part of the chart here is piled on top of the increased production that those elements secured.

In all of this we have tried to avoid and learned by experience the necessity of plowing up the soil for production without regard to its use and without regard to the wastage of the soil. That has been emphasized at all times in line with the philosophy as expressed in the congressional acts—that every effort be made to maintain the productivity of the soil. I think they have done a good job on that.

Mr. SMITH. You seem to credit the efforts that were made between 1935 and 1939 as being the cause of increased crop production. You seem to lay much stress on the increased production that was brought about by the methods and practices which were in vogue during that period of time.

Would you say that the statistics in the Agricultural Yearbook bear out that statement?

Mr. JONES. Yes. The statistics will show that the per acre yield varied as to different crops, but the per acre yield on crops planted during that period increased from 15 to 20 percent on the average.

That is in line with the program established on a nonpartisan basis by the Congress with almost a unanimous vote. I do not believe there was any division of sentiment about the desirability of the conservation of soil which is basic in the life of a nation.

Mr. SMITH. I would like to interject at this point that I have, myself, made a very careful and rather extensive study of that question, and I do not believe it can be shown from a scientific point of view that there actually was an increase in production resulting from the adoption of the practices and methods of which you speak.

Mr. JONES. Does your investigation show that the per acre yield has not increased? As a matter of fact, the per acre yield on cotton was increased at least 40 percent. On nearly all crops the per acre yield was increased.

There was some adjustment of acreage during some of those years. My figures are based on what information I received from the statistical division. If you wish, I will have a copy of that report put in the record, because it shows the increase. I do not know a better way to find out than to take what the Bureau of Agricultural Economics has prepared on this subject. I asked them for the information. If the information is incorrect, we would like to correct it.

Mr. SMITH. I call your attention to the curve of sugar production. Did you notice any change in that curve from what it had been?

Mr. JONES. The sugar production is handled by a special act, as you know. We had the so-called Sugar Act. It pretty well sets its own charts and figures. I do not know whether that would be embodied in this general level. I am not in a position to say just what the particular items showed in yield per acre, but I will get the answer on that for the gentleman.

There was a reduction in the total sugar production, but that was due to a smaller planted acreage. That, in turn, had a number of contributing factors, as I understand.

You represent a State that produces some sugar beets. I know that Michigan does and I think that Ohio does. I know that Nebraska does, as well as Colorado, California, and various other Western States.

As a matter of fact, it is very difficult to get prices of various commodities and keep them exactly in line. There is a great deal of work involved in the gathering of sugar beets, as you know. It is hard stooping work.

In an effort to get production of various needed commodities—and food production, as you know, is tremendously important—the prices reached a point where I think those who planted sugar beets felt that they could probably get better returns with less chance by going into some other commodities. The acreage planted was much less, so for that reason I would like to find out the figures and furnish the results to you.

(The following table was later submitted by Mr. Jones:)

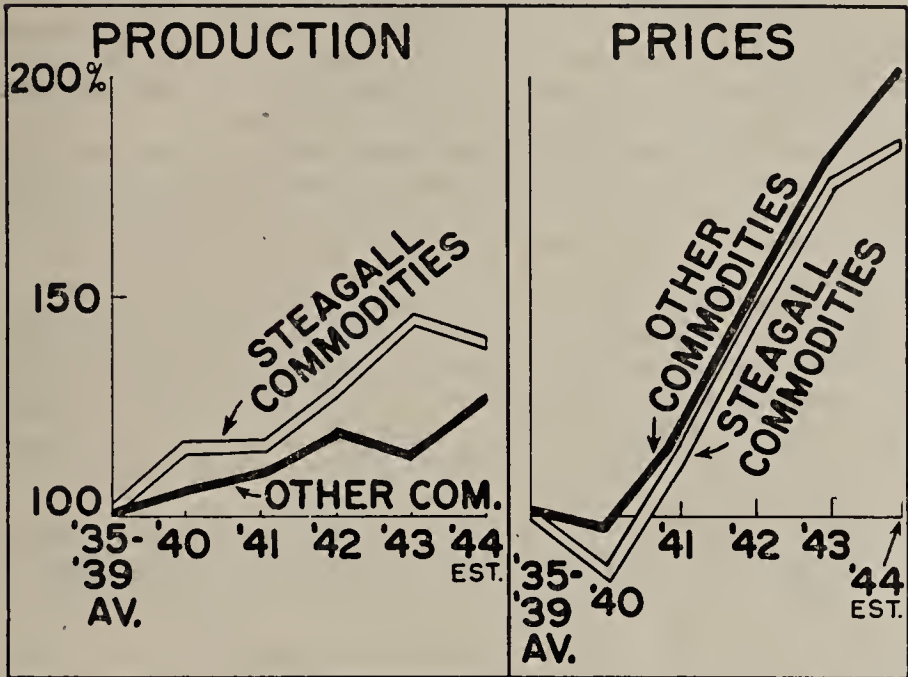
Yield per acre and index of yield for 18 field crops, United States, 1935, 1935-39, and 1940-44

Commodity	Yield per acre	1935	1935-39 average	1940	1941	1942	1943	1944
Barley.....	Bushels.....	23.20	21.80	22.90	25.50	25.50	21.90	23.00
Beans, dry, edible.....	Pounds.....	768.60	856.30	886.50	914.60	986.60	870.30	784.10
Corn.....	Bushels.....	24.00	25.00	28.40	31.00	35.20	32.10	33.20
Cotton.....	Pounds.....	185.10	225.60	252.50	231.90	272.40	253.50	295.30
Flaxseed.....	Bushels.....	7.00	7.40	9.70	9.90	9.30	8.90	8.40
Hay:								
Tame.....	Tons.....	1.41	1.33	1.42	1.39	1.53	1.43	1.41
Wild.....	Tons.....	.92	.82	.82	.92	1.04	.92	.97
Oats.....	Bushels.....	30.20	29.10	35.20	31.10	35.60	29.60	29.90
Peanuts, picked and threshed.....	Pounds.....	770.10	745.60	857.70	771.60	643.10	607.70	678.00
Potatoes.....	Bushels.....	109.20	117.50	132.10	131.20	136.90	139.60	130.40
Rice.....	Bushels.....	48.30	49.60	50.90	42.30	44.50	44.20	47.90
Rye.....	Bushels.....	14.00	11.90	12.50	12.70	14.90	11.10	11.50
Sorghums, for grain.....	Bushels.....	12.50	12.60	13.50	18.70	18.20	15.60	19.90
Soybeans.....	Bushels.....	16.80	18.10	16.20	18.00	18.70	18.10	18.40
Sugar beets.....	Tons.....	10.40	11.60	13.40	13.70	12.20	11.90	12.20
Sweetpotatoes.....	Bushels.....	86.10	84.80	79.80	83.30	92.40	81.90	92.90
Tobacco.....	Pounds.....	904.80	882.60	1,036.00	966.40	1,022.90	966.30	1,072.10
Wheat.....	Bushels.....	12.20	13.20	15.30	16.90	19.80	16.60	18.20
18 field crops.....	1923-32=100.....	100.90	106.60	119.80	120.60	136.00	123.70	131.70

Bureau of Agricultural Economics, Division of Statistical and Historical Research.

Here is a very interesting chart. Production was greatest for price support commodities.

Production Was Greatest For Price Support Commodities



So-called "Steagall commodities"*-- those for which wartime increases were asked along with assurance of price supports -- have shown more production even with slightly lower prices than other commodities.

* Hogs, eggs, chickens, turkeys, milk and butterfat, dry peas (certain varieties), dry edible beans (certain varieties), soybeans for oil, peanuts for oil, flaxseed for oil, American Egyptian cotton, potatoes and cured sweet potatoes.

FARMERS ANSWERED THE CALL FOR WARTIME PRODUCTION WITHOUT SEEKING EXCESSIVE PRICES --- ALL THEY ASKED WAS ASSURANCE OF A SAFE RETURN.

Here is a chart which shows the production of the Steagall commodities starting at 100 percent at the time the program of support prices went in, and you will notice that on the Steagall commodities the prices went up much more than the production went up on the nonsupport priced commodities, and yet over on the other chart under prices—and this is the interesting part of the chart—while production

went up on the Steagall commodities the price on the Steagall commodities, while going up, went up less than it went up on the non-Steagall commodities; in other words, when we had a price support we got the production with a stabilized price and an assured price; at the same time, on the non-Steagall commodities we got less production on nonsupported commodities, and the price went up more than the price went up on these supported commodities.

That emphasizes the point which I have made repeatedly—that the man does not live that can hold a price line unless you get the production, and the whole country is interested in having the essential food production, not only from the standpoint of feeding our armed forces but also our fighting allies and our civilians.

It is extremely important that the farmer, who has to take the chance on weather conditions and has to face the machinery and labor shortage, shall have assurance as early as possible, and if possible before planting his crop, that he is going to get a reasonable price for that commodity.

I often heard my father say when I was a boy that he would much rather have a reasonable price assured at the time he planted his crop than to take a chance on a runaway high price, or a collapsing, ruinous price at the end of the season. If he could be assured when he planted his crops—wheat, corn, or other crops—that he would be given a reasonable return at harvest time, he would have much more satisfaction and could go forward and secure better results.

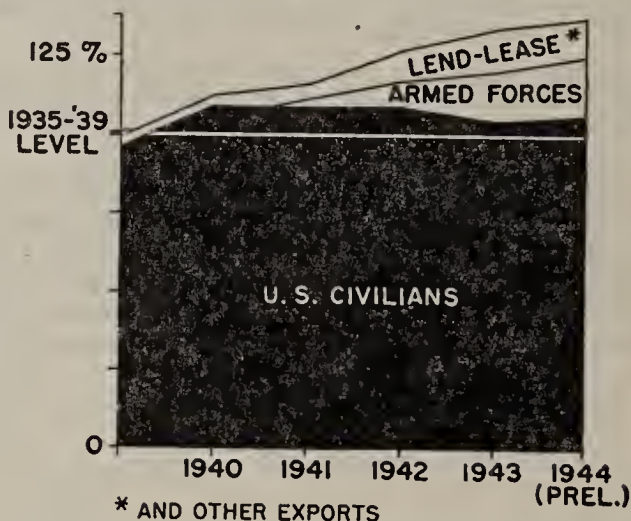
Now, the so-called Steagall commodities—those for which war-time increases were asked along with the assurance of price supports—have shown more production even with slightly lower prices than other commodities.

We list the other ones, but I will not go through them.

Here is a chart that shows the amount of food that goes into the various uses.

RECORD PRODUCTION GAVE US:

- (1) *More food for civilians than pre-war*
- (2) *More food each year for our fighting men and allies*



It is the responsibility of the War Food Administration to allocate all the foods produced in this country and to state the amount that shall go to the various places.

This chart shows graphically the amount that goes to the armed forces.

I will state that in making allocations we make allocations for all that is clearly shown the armed forces need, to give them their choice, and I do not think there would be any difference of opinion about that allocation. Everyone wants the armed forces to come first.

I will state in carrying that out we have found that by "set-aside orders" we can give the armed services assurances that they will get their part.

The armed forces part is shown in red on this chart here that I am showing you gentlemen. The part shown in yellow is the lend-lease. That is the part that goes to our fighting allies.

I would like to say that we had before our staff one time a general who had taken part in a siege.

(Discussion off the record.)

You will notice that lend-lease and the armed forces and the export of food took only about 25 percent of the food we produced and that the civilians, as a whole, have eaten more food during the war period than they did prior to the war. That is because, of course, of the increased purchasing power and the fact that they were in a better position.

There have been certain foods that have not been available, and perhaps there were some few people who were in a position to get all they wanted at all times of the kind of food they wanted in normal times, but the people as a whole—and that is what counts—have eaten better during the war than they did before.

I think that is a magnificent showing and a great tribute to the American farmers and livestock producers—that they were able, even with the handicaps that they have had, to secure production that has increased year by year for every year in an amazing way.

Of course, there are certain items that are in short supply. That is just as natural as the law of life. All you members of the committee who have worked on these problems know of the uncertainties of the seasons and the fact that droughts and floods and other things can interfere seriously with the results of production.

I want to make this statement, and I want to make it clear at this point because much has been made of the fact that we have been fortunate in weather conditions that have prevailed during the war period since 1941, and that is correct. We have been fortunate, but that is a comparatively small element in this vast production result.

While weather conditions have been a little more than normally favorable, they have not been much more. We have had droughts. You will remember last year we had a drought all the way from Arkansas up to New England. We have had floods. Taking the country as a whole, we have had what would normally be a deterring force.

The principal explanation of the magnificent production record is the long hours and the efforts of the farmers and their families.

I saw a boy 10 years old running a combine out in the Southwest last summer, and he was really running it. I saw older people working.

You have all had evidence of that. It is a great tribute to the voluntary efforts of the American people, that they can have this production and do their job in wartime.

As a matter of fact, I think in his volunteering is to be found the indefinable difference between the Axis' methods and the methods of a free country. They can get quicker action in a dictator country, but our people do things because they are willing to do them and want to do it and make their contribution. When it does get to rolling, there is a stronger tide that goes further and increases and produces more.

When I first became connected with the War Food Administration a good many people were saying: "Why do we not have contracts and why do we not require people to do this, that, and the other?"

I said that instead of regional meetings, we will have meetings of farmers in every State and then in every county, and follow that up by meetings in the communities, the 3,000 counties that constitute this country. We used that method. We told them what we needed, what the war needs were, and asked them what they could do, and the goals were set up by the farmers themselves on a voluntary basis, and they upped the suggested goals last year and the year before in both instances. They set on a volunteer basis what they thought they could do and they went ahead and produced this food which has made it possible for us to be the only nation of the United Nations that has produced substantially more food than we needed ourselves, and that has made a contribution to the war effort that is immeasurable. As a matter of fact, we grow accustomed to the precious things of life and they seem commonplace to us. We take them for granted. People have to have food every day and cannot function otherwise.

Mr. WOLCOTT. I wish that Judge Jones might be able to make that speech on the floor.

Mr. JONES. I sometimes wish that I had the privilege of appearing there and inflicting myself on the House. I do not think there is any service in the world that is more delightful than the service on the floor of the House. I enjoyed it.

Mr. PATMAN. The gentleman from Michigan is referring to the work-or-fight bill, and he considers your argument an argument against it.

Mr. JONES. I would rather not get our projects complicated with another story. However, I stand on what I have said. I do not think that anyone can trim his sails on the facts to suit an argument for or against.

I think in any legislation it is entirely proper that all the facts be laid on the table and the honest results achieved. I am sure that all of us, especially in this critical hour, want to do everything that can possibly be done in the way of a contribution to the war effort. The war is going pretty good, I think, from our standpoint. It is tough, but certainly by teamwork and united effort we can go places. There may be differences of opinion about methods, but I have a good deal of faith in the final judgment of the Congress on whatever course should be taken. I am willing to trust them as an American. I believe in the Congress of the United States. I believe in the United States Government, history, institutions, and people, and knowing the glory of her past, I am not afraid of her future.

The next chart shows record production greatly increased the farmer's income. These figures are after the payment of taxes and operating costs, but not living expenses.

Record production greatly increased the farmer's income

1939

FARMER



AVERAGE
MAN



1943

FARMER



AVERAGE
MAN



The average farmer's net income, while greatly increased, is still less than half the income of the average man in the U.S.

In 1939 the average return for persons living on farms was \$173 after those payments were made. The average man in the whole country had an income of \$548.

Now, that "average man" includes the farmer. If it did not include the farmer, it would run about \$650. You can see what a tremendous disparity there was at that time between the income of the average person on farms and the per capita national income. Of course, that is partially explained by the fact that expenses in the country are less, but it is explained more by virtue of the fact that he does without a lot of conveniences that he would like to have and would have in the city; but his returns are not sufficient for him to have them.

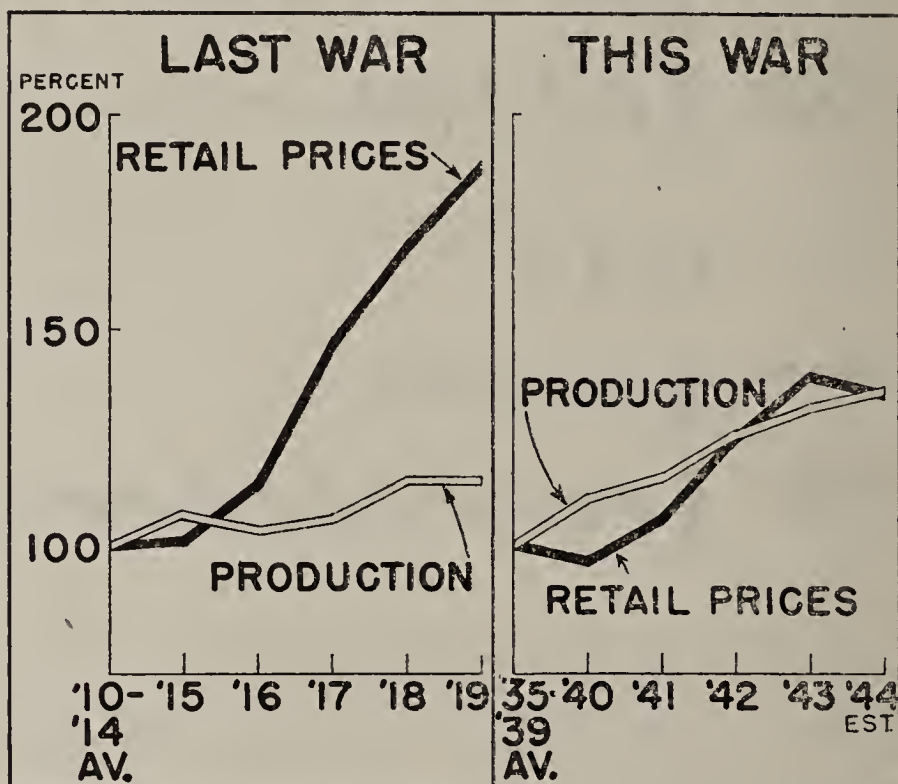
In 1943 the per capita farm income on the same basis, after paying taxes and operating costs, averaged \$513. That figure again leaves out the living costs.

The average man's income was \$1,089. You will notice that the farmer's income went up more than the average man's income. It did not get up to the proper relationship, as I conceive it, but it was a great improvement.

Now again, if you leave the farmer out of this average man figure, the figure would run around \$1,200. We have included the farmer separately and then all people including the farmers, which makes a fair basis of comparison. That, to me, is a very interesting chart.

The next chart shows record production made food price control possible. I have already gone over some of the phases of this.

Record Production Made Food Price Control Possible



IN THE LAST WAR FOOD PRICES SOARED WHILE PRODUCTION FAILED TO INCREASE MUCH.

IN THIS WAR PRODUCTION MADE LARGE INCREASES WHILE FOOD PRICES ROSE ONLY MODERATELY AND WERE STABILIZED FROM 1943 ONWARD.

You will notice that in the last war the retail prices starting at 100 percent went to something like 180 percent. The production, in line with the other chart we showed, went up much less than the retail prices.

In this war, starting at the same point, the production has gone up to where it is now around 138 percent and the retail prices have gone up

practically the same amount; varying a little as conditions vary, but holding pretty well in line.

You will notice that by getting the production we have been able to hold retail prices more nearly in line than they were held before, which fact, I think, again emphasizes the wisdom of this committee and the Congress in providing a price-support method which would contribute to the securing of production which, after all, is the basis of our whole stabilization program.

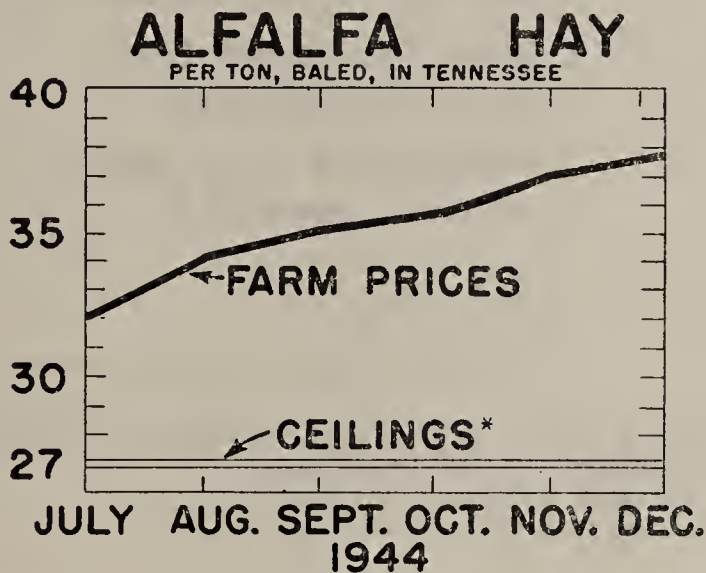
Mr. OUTLAND. You would say on this point, in addition to the production itself, it was necessary to take legal steps of a price-control nature to insure the results?

Mr. JONES. I think undoubtedly that is true, because there are certain commodities that get so much in demand that the price would have gotten all out of reason, and when one gets out of bounds then the difficulties begin in all the others.

The point that I was making is, if we had not had the production, no matter whether or not you had the law, you probably would not have been able to hold that line, so it takes both to secure results.

PRICES break through ceilings if production is not high enough

For example, in Tennessee - which suffered from drought - the prices of baled alfalfa hay have averaged well above the ceiling since it was established in July 1944.



*The chart shows only the basic ceiling, to which may be added a mark-up of a farmer-retailer, delivery costs, and premiums for grade. This would make actual ceilings somewhat higher in individual cases.

Prices break through ceilings if production is not high enough.

For example, in Tennessee—which suffered from drought—the prices of baled alfalfa hay have averaged well above the ceiling since it was established in July 1944.

Now, the ceiling was around \$27. The price got up above \$35 at one time.

This just goes to show that if we had not made an effort to control prices we would have been almost lost, I think.

The charts shows only the basic ceiling, to which should be added a mark-up of a farmer-retailer, delivery costs, and premiums for grades. This would make actual ceilings somewhat higher in individual cases.

The ceiling here [indicating] does not take into consideration some of the costs that should be added, and that line is really wider than the facts indicate, but it is still pretty wide when you make allowances for those elements of cost that are not included in this line [indicating].

Summing up—

*To date price supports
voted by Congress*

- 1 Have stimulated
wartime production**
- 2 Have increased the
farmer's return**
- 3 Have made food price
control possible**

NOW...

Looking ahead to 1945 →

In summing up, to date price supports voted by Congress have—
One, stimulated wartime production.

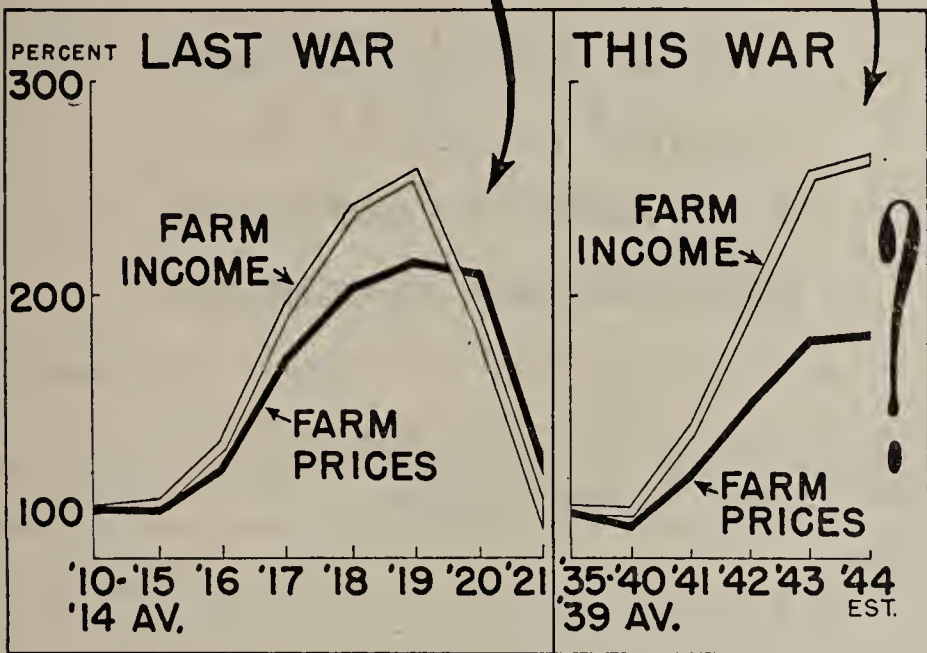
Two, increased the farmer's return.

Three, made food price control possible.

PRICE SUPPORTS will be needed when wartime demands begin to decline

Farm prices and income have already begun to level off

They crashed swiftly right after the last war



FARM GOALS *for 1945* *call for continued full* *production --*

Crop goals are about 4 million acres above 1944 planted acreage, and 16 million acres above the 1935-39 average.

PRICE SUPPORTS are* *needed in 1945 to* *help farmers maintain* *full wartime production

Price supports will be needed when wartime demands begin to decline.

Farm prices and income have already begun to level off.

This chart shows the farm prices in the other war. In 1918 and 1919 they got to a tremendously high figure.

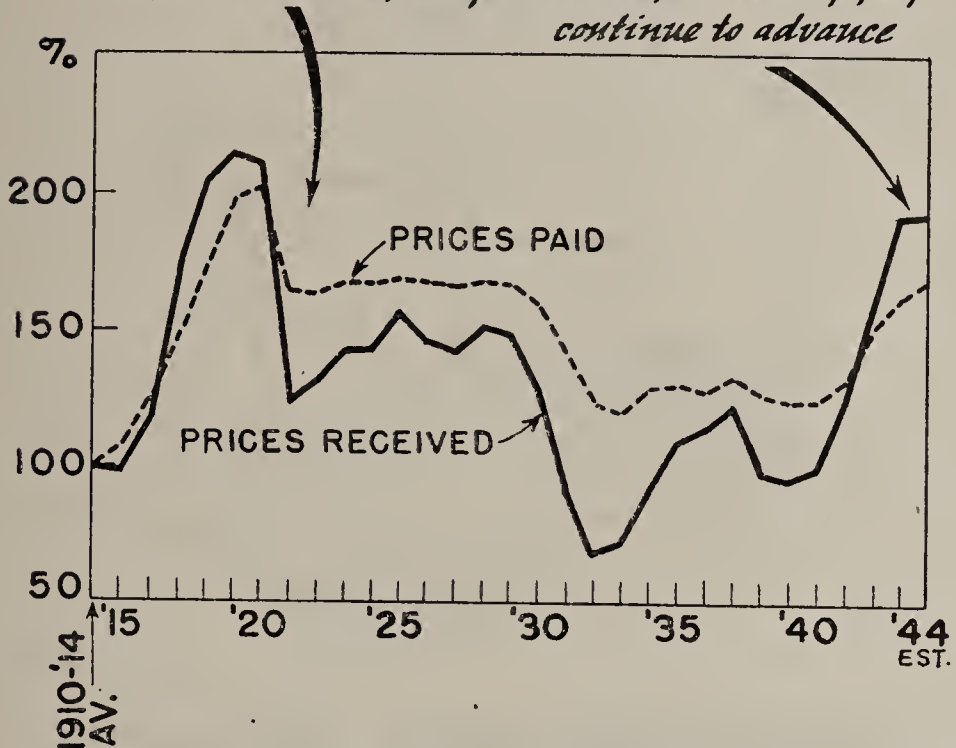
Then there began a drop until 1921, when they were down at ruinous low levels.

At the present time the farm income is up and the prices are up to a reasonable level. The question is whether or not we are going to avoid the battle which followed not only the other war but has followed every other war that we have had in history. That fact is an added argument, I think, in support of the wisdom of this committee's action in making provision for 2 years following the war for a reasonable support price level.

PRICE SUPPORTS will be needed to maintain parity for farmers

In the crash that followed the last war farm prices dropped 25% below parity

The prices farmers receive are now leveling off while prices they pay continue to advance



The blue on this chart shows farm prices above parity during the last war and again during this war. The red shows farm prices below parity between the two wars.

Price supports will be needed to maintain parity for farmers.

In the crash that followed the last war farm prices dropped 25 percent below parity.

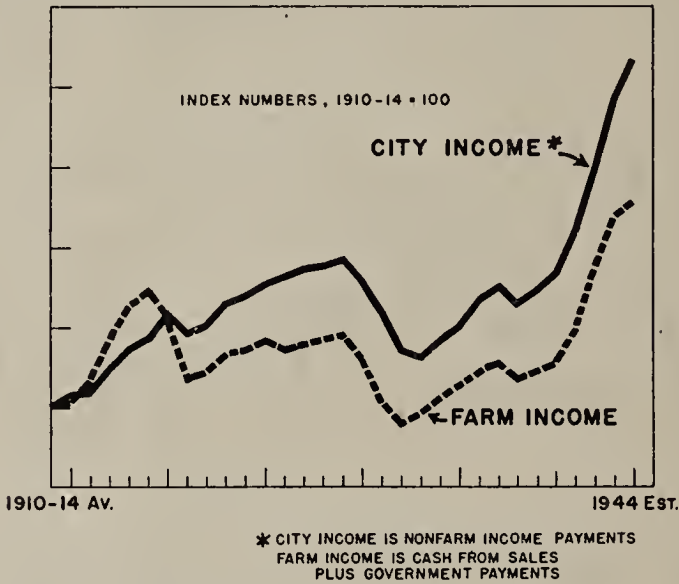
The prices farmers receive are now leveling off while prices they pay continue to advance.

The chart shows evidence of the variations up to the present time, but if we do not have provision for continuing to carry out the mandates of the Congress, we might be in danger of the same trend we had before. When the farm prices collapsed it was not long before other prices began to fold and the battle was brought about in that way.

FARM PRICE SUPPORTS

WILL BENEFIT NOT ONLY FARMERS BUT THE WHOLE NATION

Farm and city incomes go up and down together



MAINTAINING FARM INCOME WILL HELP MAINTAIN JOBS, INCOME AND PROSPERITY IN TOWNS AND CITIES

Farm price supports will benefit not only farmers but the Nation as a whole.

Farm and city incomes go up and down together.

This chart shows how closely interrelated and interwoven they are. Maintaining farm income will help maintain jobs, income, and prosperity in towns and cities.

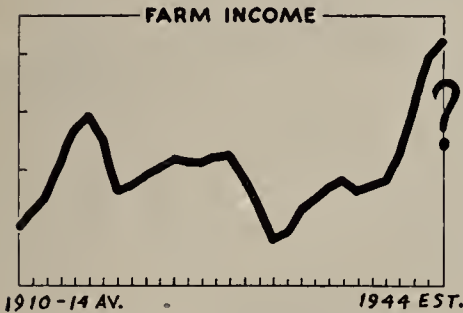
I think that it is generally recognized, and it is not even necessary to emphasize it, that the farmer and the manufacturer and the laborer are all largely woven together in the need to keep the farmer on a proper basis so that he can get full production.

In SUMMARY:

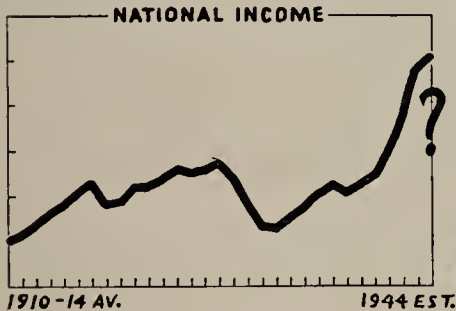
FARM PRICE SUPPORTS *are needed for*



**FOOD
FOR WAR**



**STABILITY
FOR FARMERS**



**PROSPERITY
FOR THE NATION**

In summary, farm price supports are needed for food for war, stability for farmers, and prosperity for the Nation.

That is the end of the chart system.

I have, and I will file with the committee—and it will be explained in detail by these other gentlemen who will follow me—a statement of the present status of the Commodity Credit Corporation and a statement also of the break-down of the needs for the increased production for the Commodity Credit Corporation's activities.

I will put in the record at this time a table showing this break-down.

(The tables referred to are as follows:)

*War Food Administration—Commodity Credit Corporation—Balance sheet, Oct.
31, 1944*

ASSETS		
Cash		\$21, 448, 103. 41
Commodities owned:		
Acquired under price support program	\$836, 470, 269. 33	
General commodities purchase program	563, 187, 448. 49	
		1, 399, 657, 717. 82
Loans receivable:		
Held by Commodity Credit Corporation	133, 789, 817. 47	
Producers' pools	40, 270, 764. 20	
Held by lending agencies	464, 555, 689. 53	
		638, 616, 271. 20
Accounts receivable		551, 069, 532. 28
Accrued assets		19, 266, 028. 81
Fixed assets		10, 768, 576. 88
Deferred charges		340, 548. 64
Undistributed debits:		
Unadjusted general commodities purchase program	\$43, 520, 008. 15	
Other	12, 740, 096. 39	
		56, 260, 104. 54
Total assets		2, 697, 426, 883. 58
LIABILITIES		
Guaranteed obligations of United States:		
Series G notes payable	\$411, 596, 000. 00	
Notes payable to Treasury	1, 035, 000, 000. 00	
Bank loans payable	277, 482, 516. 69	
		1, 724, 078, 516. 69
Accounts payable		242, 274, 458. 96
Accrued liabilities		14, 369, 490. 11
Advance from Foreign Economic Administration on Lend-Lease purchases		634, 437, 474. 79
Undistributed credits		71, 497, 476. 81
Obligations to purchase loans held by lending agencies		464, 555, 689. 53
Total liabilities		3, 151, 213, 106. 89
NET WORTH		
Capital stock	\$100, 000, 000. 00	
Deficit	553, 786, 223. 31	
		453, 786, 223. 31
Total liabilities and net worth		2, 697, 426, 883. 58

Condensed Operating Statement Oct. 17, 1933, to Oct. 31, 1944

Income:		
Interest income-----	\$61, 074, 566. 89	
Miscellaneous income-----	3, 979, 236. 55	
		\$65, 053, 803. 44
Expenses:		
Interest expenses-----	58, 981, 531. 30	
Operating expenses-----	25, 960, 686. 70	
		84, 942, 218. 00
Excess of expenses over income-----		19, 888, 414. 56
Losses from program operations:		
Apple freight equalization payments-----	\$3, 225, 601. 14	
Ammonium nitrate-----	(40, 276. 88)	
Beans-----	5, 224, 239. 69	
Cheddar cheese-----	44, 077, 154. 99	
Corn-----	42, 325, 548. 71	
Corn ceiling price adjustment-----	1, 533, 554. 94	
Cotton-----	(91, 884, 591. 90)	
Realized profit on sales of rubber to Rubber Reserve Company-----	(11, 055, 451. 45)	
Dairy feed payments-----	279, 846, 671. 82	
Fluid milk-----	15, 014, 881. 43	
Foreign commodities: ¹		
Sugar-----	\$1, 524, 806. 74	
Other-----	(13, 367, 190. 59)	
	8, 157, 616. 15	
Grain bins-----	15, 691, 200. 11	
Grapefruit juice-----	6, 686, 199. 84	
Oilseeds and products-----	31, 333, 149. 47	
Peas-----	13, 276. 00	
Potatoes-----	4, 980, 176. 17	
Raisins and prunes-----	18, 255, 731. 20	
Sugar, domestic-----	34, 200, 086. 69	
Tobacco-----	(6, 079, 724. 78)	
Vegetable processing-----	23, 740, 823. 67	
Wheat-----	252, 557, 288. 12	
Micellaneous programs-----	45, 177. 22	
		677, 848, 332. 35
Total realized Loss-----		679, 736, 746. 91
<i>Deficit, Oct. 31, 1944</i>		
Excess of expenses (including losses on commodities sold) over income--		\$697, 736, 746. 91
Add:		
1940 payment of "Surplus" to U. S. Treasury--	\$43, 756, 731. 01	
1942 payment of "Surplus" to U. S. Treasury--	27, 815, 513. 68	
		71, 572, 244. 69
Subtotal-----		769, 308, 991. 60
Deduct:		
1938 Appropriation to cover "Deficits"-----	\$94, 285, 404. 73	
1939 Appropriation to cover "Deficits"-----	119, 599, 918. 05	
1941 Appropriation to cover "Deficits"-----	1, 637, 445. 51	
		215, 522, 768. 29
Balauce, deficit-----		553, 786, 223. 31

¹ Importations of Commodity Credit Corporation since Jan. 1, 1944, are limited to sugar for Caribbean area and food from Canada.

Estimate of increased borrowing authority required

Programs	I	II
	Estimated net obligations for loans, purchases and expenditures, November 1, 1944, to December 31, 1945	Estimated net additional obligations for 12 months' period after VE-day
	<i>In thousands</i>	<i>In thousands</i>
Barley, rye and grain sorghums.....	\$16,845	
Beans and peas, dry edible.....	6,336	\$47,000
Cheese.....	18,600	
Corn.....	55,500	75,000
Cotton.....	331,200	30,000
Cotton, Egyptian.....	(15,270)	
Commodity export.....	75,000	
Dairy products.....	20,000	80,000
Dairy production.....	526,000	
Eggs.....	13,000	273,900
Fats and oils, foreign.....	(4,800)	
Fluid milk.....	14,000	
Fruits for processing.....	34,300	
General commodities purchase.....	(136,685)	(100,000)
Gum naval stores.....	(1,000)	10,000
Hay and pasture seeds.....	14,886	13,000
Hemp and milkweed floss.....	10,066	
Pork products.....		50,000
Oilseeds and products.....	295,100	
Peanut butter.....	15,000	
Irish potatoes.....	59,500	63,900
Sweet potatoes.....	7,500	3,000
Rice.....		30,000
Shortening.....	1,500	
Sugar.....	63,000	
Tobacco.....	86,600	
Vegetables for processing.....	39,700	
Wheat.....	371,000	175,000
Wool.....	87,000	160,000
Carrying charges and operating expenses.....	125,000	
Reserve for other programs.....	50,000	
Total.....	2,178,778	910,800
Total estimated net obligations:		
Nov. 1, 1944, to Dec. 31, 1945.....	\$2,178,778	
12 months after VE-day.....	910,800	
		\$3,089,578
Less estimated funds available:		
Cash Oct. 31, 1944.....	21,448	
Available borrowing power Oct. 31, 1944.....	811,365	
Appropriation pending.....	256,765	
		1,089,578
Total increase in borrowing authority required.....		2,000,000

NOTE.—Figures in parentheses indicate credits.

Mr. JONES. This table here [indicating] showing the assets is pretty well broken down and gives a fairly detailed account of the present status of the funds of the Corporation, starting at the beginning of its activities and carrying forward as its life has been extended from time to time.

There is also a condensed operating statement showing the present amounts, and these provisions for certain price supports and subsidies.

The break-down shows our estimate of the various needs of the Commodity Credit Corporation.

I believe that the men who have had the responsibility for the collection of the details of this can probably give you better information, and after the committee has asked me general questions I believe you

will probably get more specific information if you would let Mr. Frank Hancock answer some questions. After you have finished questioning me as to the general purposes and the over-all picture, I would like to have you ask detailed questions of Mr. Farrington, who has charge of the basic commodities, and Mr. Ralph Olmstead, who has charge of the nonbasic commodities, the purchase of supplies for lend-lease, and so forth.

Mr. BROWN. You have made a fine statement. I think undoubtedly the support price has brought about the desired production. Has it cost the Government any money?

Mr. JONES. When you take the program simply as a program it has cost the Government some money, but if you put aside that cost the value of increased production has greatly outweighed the amount of money that has been spent.

Of course, I think the support price policy not only has contributed in that fashion, but by having the farmers with some returns, that has helped and will help through the years to furnish a market for industrial commodities, and all of those things work together.

Mr. BROWN. I agree with you fully on that, but I was under the impression that it cost very little anyway.

Mr. JONES. It has up to date been of comparatively small cost. There have been certain of the programs that have been connected with price ceilings that have cost more than others. For instance, the dairy program has been an outright cost, and some of the others that have involved an expenditure in connection with price.

Mr. BROWN. I wish you would place in the record the amount of money that the Government has made out of cotton over these past years. I think it is considerable.

Mr. JONES. That is true. I am glad to be able to put that in the record. (This figure is shown in the Condensed Operating Statements on p. 39.)

However, the Government has made money on that operation, but that is largely due to the fact that a good many of these loans were made when the loan rate was smaller. That probably will be absorbed largely when we have the price up nearly to parity. In disposing of that we will have more of a problem and it will take a longer range to determine whether there is a profit or a loss, and how much. I am pleased to agree with the gentleman that up to the present time there has been a net gain.

Mr. BROWN. It is favorable to the Government up to this time.

Mr. JONES. Yes. However, we have a good deal of cotton on hand and under our control which will not be in that favorable picture because we are acquiring it now at the higher price. I feel that I should disclose that to the gentleman. I believe in laying the cards on the table and disclosing the facts as they are, whatever the result may be.

Mr. MONRONEY. What would be your guess on the loss? Is that \$56,000,000 in there as undistributed debits in your balance sheet?

Mr. JONES. I will state to the gentleman that all these estimates are not estimates of losses, but some of them may involve a loss. They are estimates of our net commitments for the future. A lot of these are loans, and no one can foretell how much the loss is going to be.

We have collections all the time in this matter. Notwithstanding the fact that we are asking for \$2,000,000,000, we are asking that so that we can be assured that the mandate of the Congress will be carried

out. I think if we could get that provision made, it will go far as a matter of psychology in assuring the farmer that the Congress intends to carry out its commitments.

We are hoping the loss will be held down to a lower figure. On cotton I do not think anyone can tell. We have various programs on cotton, and I think our cotton picture will depend a little bit on whether or not this parity commitment is retained after June 30. If we retain that for future crops, there will be, of course, greater loss. I think there is going to be some loss on the purchase of this cotton crop of 1944 because there was a mandatory commitment on that.

When we take the various programs we have had from year to year, the Commodity Credit Corporation as of January 20, 1945, owned about 3,350,000 bales of cotton and had about 1,500,000 bales in producer pools and had loans on about 3,500,000.

Mr. PATMAN. Mr. Chairman, before we adjourn for the day, I would like to suggest to Mr. Jones that there is some question concerning this provision having to do with 2 years after the war. A careful reading of that language will show that it means 2 years after the declaration of peace.

Mr. JONES. Yes, sir.

Mr. PATMAN. There is a great difference there between 2 years after the war and 2 years after the declaration of peace.

Mr. JONES. You are correct. It is 2 years after the 1st of January following—

Mr. PATMAN. Following the declaration of peace. Suppose the war with Germany is over in this year, 1945, and the war with Japan is over in 1946. We may not have a declaration of peace until July 1, 1947. Support prices will go on not only for 1945, 1946, and 1947, but 2 years after January 1, 1948.

Mr. JONES. Yes. It is 2 years following the first day of January immediately after the date upon which the President, by proclamation, or the Congress by concurrent resolution, declares hostilities in the present war have terminated. My friend is entirely correct on that. However, there could not be any action that, under the terms of this bill, would not make it last at least 2 years.

Mr. PATMAN. After the termination of the war.

Mr. JONES. After the termination of the war.

Mr. WOLCOTT. Under the language of the act it is the termination of hostilities, is it not?

Mr. JONES. Yes; it is the termination of hostilities, as proclaimed by the President or by resolution of the Congress.

Mr. PATMAN. The First World War was not over on November 11, 1918. The date was July 2, 1921.

Mr. JONES. And if this provision had been in effect then, I will say to my friend, the Congress or the President, either by concurrent resolution or by proclamation, would have fixed on a date before then. When actual hostilities cease, I think it will be done soon thereafter by proclamation of the President or by resolution of the Congress. The Congress is only committed for 2 years following that date. So I was taking the 2-year period, in the shortest possible interpretation of that period, and presenting our needs in the light of that commitment, which is very clear.

The CHAIRMAN. I suggest that a good many of the members desire to be on the floor when the bill there that is up for consideration will be read for amendment.

Mr. KUNKEL. Mr. Chairman, may I make a request to have inserted in the record, after the insertion of a copy of the bill, the sections from the acts which are referred to in the bill, so that we will have a complete picture there all together?

The CHAIRMAN. Without objection, that may be done.

Mr. GAMBLE. Mr. Chairman, may we ask the counsel for the Commodity Credit Corporation to rewrite this bill for our use so that it will show in italics what is new matter, and in brackets what is stricken out, as they have done for us in the past? It is very helpful. I think it would be helpful to you, Mr. Jones, as well as to us, in discussing the bill.

The CHAIRMAN. The report will have to show that.

Mr. GAMBLE. But if we had it now, it would be helpful.

Mr. JONES. I shall be glad to have that done.

The CHAIRMAN. We will meet tomorrow at 10:30, and I assume the committee would like to have you before them at that time, Judge.

Mr. JONES. Very well, Mr. Chairman.

(Whereupon the committee adjourned, to meet on Thursday, February 1, 1945, at 10:30 a. m.)

CONTINUANCE OF COMMODITY CREDIT CORPORATION

THURSDAY, FEBRUARY 1, 1945

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., Hon. Brent Spence (chairman) presiding.

The CHAIRMAN. The committee will be in order. You may continue, Mr. Jones.

STATEMENT OF MARVIN JONES, ADMINISTRATOR, WAR FOOD ADMINISTRATION—Resumed

MR. JONES. Mr. Chairman, some inquiry was made about the increase in yields during the period when the soil program was in operation, so I have brought up a table here which shows the major crops and the increased yields of corn, cotton, wheat, potatoes, soybeans, tobacco, and sugar beets.

The average increase during that period has been more than I stated yesterday. The average for those major crops shows a 30-percent increase. That increase ranges from 10 percent to 40 percent.

I would like to put this table in the record in view of the inquiries made by my friend from Ohio. It shows on the major crops the increases and also the average increases for the various crops. It varies a good deal in these estimates.

On sugar beets the increase has been less. It has been only about 10 percent. It runs from that up to 40 percent.

Of course, this increase is not all due to the soil conservation practices because better methods and better grades have made their contribution. There is no way of determining with mathematical precision just how much is due to one or the other.

However, I think a trip through any of the areas will show the advantages of this program.

On sugar beets a great deal of the sugar-beet production is in irrigated areas on land already in pretty good shape. I do not believe they use irrigation in Ohio and Michigan, but in the Western States they do, and the increase, as shown by the table, is less on those as compared with other commodities in the 1923-32 average period; but even at that there has been some increase. It has gone up and down, but there has been a little net increase during a period of years, but not much.

My friend from Ohio is correct about sugar beets, and the same thing is true of soybeans. The yield increase has not been so much for soybeans as for other crops. I think that is partially due to the tre-

mendously expanded production of soybeans, and naturally all of these practices could not be carried out with as great skill and care as they have been carried out in other crops.

I simply put that in the record for the reason that I do not believe there could be any difference of opinion, looking down the long lane of the future, as to the value of soil-production practices at work. History shows that the strength and character of a nation will go up and down with the soil. Every man, woman, and child in the United States is interested in the conservation of the soil.

The CHAIRMAN. We will insert the table in the record at this point. (The table referred to is as follows:)

Yield per harvested acre of selected crops and index numbers of crop yields, United States, average 1935-39, annually 1940-44

Year	Corn	Cotton	Wheat	Potatoes	Soybeans for beans	Tobacco	Sugar beets	Index of crop yields (1923-32=100)	
								18 field crops ¹	28 crops including fruits ²
	<i>Bushels</i>	<i>Pounds</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Pounds</i>	<i>Tons</i>		
Average, 1923-32.....	25.4	169.9	14.4	112.5	³ 12.9	770.4	10.9	100.0	100.0
Average, 1935-39.....	25.0	225.6	13.2	117.5	18.1	882.6	11.6	106.6	107.1
1940.....	28.4	252.5	15.3	132.1	16.2	1,036.0	13.4	119.8	120.1
1941.....	31.0	231.9	16.9	131.2	18.0	966.4	13.7	120.6	121.6
1942.....	35.2	272.4	19.8	136.9	18.7	1,022.9	12.2	136.0	136.2
1943.....	32.1	253.5	16.6	139.6	18.1	966.3	11.9	123.7	124.1
1944 ⁴	33.2	295.3	18.2	130.4	18.4	1,072.1	12.2	131.7	132.7

¹ Corn, oats, barley, sorghums for grain, wheat, rye, flaxseed, rice, cotton, tobacco, tame hay, wild hay, beans, dry edible, peanuts picked and threshed, potatoes, sweetpotatoes, soybeans, and sugar beets.

² Above 18 crops plus oranges, grapefruit, lemons, apples (commercial only, 1937-44), peaches, pears, grapes, plums, prunes, and apricots.

³ 9-year average, 1924-32.

⁴ Preliminary.

Bureau of Agricultural Economics—Jan. 31, 1945.

Mr. JONES. Going further into the general picture, in this estimate of our needs in connection with the support program, we have some items that are linked to the price structure; that is, in holding a price line, or endeavoring to hold one. Necessarily, there are difficulties in keeping the production figures, the price figures and everything, on a proper basis. Therefore, included in these estimates are some subsidies that are calculated to help hold the stabilization price line.

I think there could well have been an argument at the beginning as to where that stabilization line should have been placed, but it had to be placed somewhere. A related line was established. Having been established, if you permit it to break through at one place there is danger of a break-through at other places.

Whether or not it was established at exactly the right place, having gone thus far across the field, I do not know that it would be wise to do away with the subsidies which the Commodity Credit Corporation has in operation at this time because of the danger of bulging the price line and breaking entirely through and letting it get out of line.

I think the statistics will clearly show that holding the line is tremendously important when you lay it alongside the experiences in other emergency periods, and when you calculate the tremendous pur-

chasing power of this country and the tremendous military demands all over the face of the earth.

Included in this estimate we contemplate going forward with the existing subsidies. Of course, practically all our subsidies are related to getting the necessary production while holding as nearly as can be done the present price line.

We contemplate no material increase in any of the subsidies except where it may be necessary, as shown by experience, to get the production, and that apparently is unnecessary in most of these cases.

There is one subsidy that we are using, the milk subsidy, which takes a considerable amount of these funds, and we contemplate, if authority is granted, continuing those subsidies through this year, making them smaller through the flush production period of the second quarter, stepping them up toward the present rate in the third quarter, and up substantially to the present rate in the fourth quarter, shifting them a little so as to encourage the butter production rather than having them based so much on fluid milk prices, but leaving the net amount practically the same.

We have set out the figures here and Mr. Dodd will discuss the operation of that milk subsidy. We want to state, in making that announcement, that should hostilities cease we would of course want to look over the entire picture because you cannot forecast always just what conditions are going to be; and that statement is made on that basis.

I want to say this, that some of those who are interested in milk production, some of the farm groups, talked with us. They wanted a statement made as to what the future would be in relation to this particular subsidy. That takes a considerable part of the actual losses that we know we must take. There are other items which these gentlemen who will follow me will discuss with you if you wish to go into that in detail.

A great many of these things, however, will not involve losses. In some instances they may not involve any losses. We will be glad to undertake to give our best estimates on those things. We have calculated this and base the estimates on previous experience and also on the possibility of changing conditions that may arise subsequent to the war period. We have asked for an increase and authorization that would make it certain that we can carry out the commitments of the Congress. The major part of food is of a perishable nature, or semi-perishable. At the time when it gets on the assembly line you cannot await taking action until you get some added authority.

I would like to say to the committee that it is my desire and the desire of my organization to hold down these expenditures to the minimum that is necessary to get this job done, but we want to be in a position, if we can be, to carry out without delay the commitments of the Congress. There come times when all of a sudden the picture changes. Weather conditions change and other unexpected demands arise. There has been a vastly increased demand for food on account of the war that has come about through lend-lease, and the amount that will be needed in occupied countries will vary somewhat depending on how long the war lasts and how completely helpless the people are.

I do not think that anybody can accurately forecast the result.

I do feel that Congress, having made the commitments to the farmers—and I think wisely so—should take the additional step and assure the essential funds that are needed.

Mr. PATMAN. May I ask two or three questions? I notice Mr. Wickard mentioned that the loan value on cotton is 92½ percent of parity. I thought the loan value was 90 percent of parity.

Mr. JONES. The loan value on all major crops except cotton is 90 percent. There was a special act passed with reference to cotton, making the loan 92½ percent. Then, later, it was increased to 95 for the 1944 crop production. That 95 percent loan was made applicable by a special resolution passed by the Congress.

Mr. PATMAN. The 92½ percent was the one that I did not understand.

Mr. JONES. It was increased by law from 90 to 92½. The 90 was put on the other crops.

Mr. GAMBLE. It was in the price-control bill.

Mr. JONES. Yes. Of course, it was put in such a way as to commit us to the program.

Mr. GAMBLE. It was introduced at 95, and according to my recollection a congressional committee reduced it to 92½.

Mr. JONES. Then later—I do not know whether it was in a resolution or not—but for the 1944 crop it was made 95 after the 92½ had been put in. I am not sure when this crop period is over whether it will go back to 92½ or 90. I would rather that Mr. Shields answer that question.

Mr. PATMAN. I do not care to go into it any further.

Now, about the stabilization line: Of course, while the farmers feel that they have been held down some, and they have, yet has not livestock gone higher? Is not livestock higher now than it was during the inflationary period after the First World War?

Mr. JONES. Most grades are higher.

Mr. PATMAN. That is the only agricultural commodity that has gone higher.

Mr. JONES. The prices in the main, as related to other prices—and that is the only way to measure them—have been pretty fair.

Mr. PATMAN. Take that in relation to steel. The price of steel did not go up at all for 5 years.

I placed in the record this morning a statement showing the cost of a 45,000-ton battleship today as compared to the cost during the First World War, and if we paid the prices during this war that we paid during the last war on steel alone a 45,000-ton battleship would have cost us \$5,000,000 more on the steel. On copper, it would have cost us about \$300,000 more. There is not much copper in a battleship. Lead and zinc would be in about the same proportion.

So while the farmers have been held down, it is true, on the other hand commodities that they buy have been held down also, and the stabilization line necessarily is just as important to them as it is to any other class or group. The farmers generally are getting along pretty well.

Mr. JONES. I think so.

Mr. PATMAN. How does their income in 1944 compare with previous years?

Mr. JONES. It is the highest that they have ever had.

Mr. PATMAN. And that income was received and those products were produced notwithstanding the handicaps of the shortage of labor and machinery and other things.

Mr. JONES. Yes.

Mr. PATMAN. What is your estimate of production this year?

Mr. JONES. That depends altogether on weather conditions and a great many other things—machinery, and so forth.

From month to month the Bureau of Agricultural Economics makes a statement, and I can furnish the gentleman the last monthly statement. It would be purely an estimate. The planted acreage, I have no doubt, will be about what it was last year, and we hope it will be slightly above.

Mr. PATMAN. But the weather and other factors will determine the amount of production?

Mr. JONES. Yes. That is one of the uncertainties the farmers always face.

Mr. PATMAN. I notice that the Senate reported out its bill yesterday. Is the bill reported out by the Senate favorable to you?

Mr. JONES. The Senate bill is satisfactory to us in the main. They reduced the amount to some degree, but we hope that it will be sufficient. We used the larger figure because the life of the Commodity Credit extended over a 2-year period if we felt that we wanted to be certain that we had enough. There would not be anything like all of that amount lost, you understand. That amount is that large so that we could make the commitments, the loans, and the purchases, and then we will have the inventories and the stock piles to offset them. So I just do not know where the figure should be. We put it where we thought we could undoubtedly take care of the situation, and in the main the Senate committee bill is satisfactory.

Of course, I do not think that anyone will question the desirability of some sort of price control in a period like this when we have such tremendous purchasing power. If we did not have some sort of price control the average person would not be able to get the desirable things. I do not think that anybody will argue about that.

There is some question about where it should be, but with the war going as it is, and as far as we have gone down the road, it seems to me that we had better not rock the boat at this time. That is my philosophy.

The CHAIRMAN. Was the amendment adopted by the Senate?

Mr. JONES. Do you mean putting a limit on various categories?

The CHAIRMAN. Yes.

Mr. JONES. That amendment was adopted. I understand that it will be in print in a little while. We had a copy of the amendment as adopted. It simply sets out the categories so that there will be a limit as to what can be used in these various categories. Then we put it at a figure where we can accomplish the purpose. At the same time, it does not give us a chance to use excessive amounts.

The CHAIRMAN. That amendment will not hinder the administration of your functions?

Mr. JONES. It will enable us to do whatever is necessary to be done in carrying out the commitments of Congress. We do not think that we will be particularly handicapped in any way. As a matter of fact, I want to assure this committee that I am anxious, and I believe the organization with which I am connected is anxious, to keep these

figures as low as we can in the actual operation, especially in operating losses, to accomplish the purposes we all desire.

Mr. KUNKEL. What amount did the Senate place?

Mr. JONES. The amount was a \$1,500 000 000 increase instead of the \$2,000,000,000. They reduced it \$500,000,000.

Mr. MONRONEY. I would like to repeat a question that I asked yesterday that we did not go into.

I would like to know how much the actual losses to date have been on maintaining the support-price program. I am in favor of the program, but I think that we are kidding ourselves when we do not realize that we are taking losses in it, that that figure is important, and can be well justified by the result.

Mr. JONES. We cannot tell accurately. That must be in some degree on an estimate basis. We have to put a value on the commodities that we have, and they are constantly moving. We purchase for lend-lease. We can give you our estimate based on the appraised value of the commodities. There are certain losses that are known. These are the payments that go outright, such as the dairy-feed payment. It is known that there is a loss there. There are other price supports in some commodities. For instance, in beans the support price is somewhat above the ceiling price. We know that there is a loss there.

Mr. RATHELL. We have all the figures. It is not broken down between price-support losses and other losses which are normally within the regular programs.

In the operating statement which was passed out yesterday, which includes operations for the entire life of the Corporation, the total loss through October 31, 1944, was \$697,736,000.

Mr. MONRONEY. I would like to know what this support-price program is costing us; how much we lost on the egg and other deals, so that the Congress will have some idea as to what the expense has been on a 12-months period.

Mr. JONES. The losses on eggs have been comparatively small in view of the vast quantities held—only about \$5,800,000. I would like for Mr. Hancock to make a brief statement or submit it for the record, that will cover everything desired, and then the basic commodities are handled by Mr. Carl Farrington and the nonbasics by Mr. Ralph Olmstead. He can go into details as far as the committee wants as to the handling of the egg problem. I would like to say to my friend that in all commodities such as eggs I think there has been a remarkable showing made. We purchased something like 6,000,000 cases of eggs, 30 dozen to the case, and the net loss has been less than \$6,000,000. The spoilage was less than the average spoilage of the trade. You cannot handle a highly perishable commodity like eggs without having some losses, and the trade never does.

I would be very happy for you to ask Mr. Olmstead any questions on the details of that program.

Mr. MONRONEY. That is what I want to know, because I believe that the Congress should have this information now, and if the public knows what the results are that are being obtained, it would be better than having the total loss figure hit us all at one time.

Mr. RATHELL. I have a comparative operating statement here that brings the total loss down to June 30, 1942, and from that date shows the loss for each fiscal year.

The loss for the fiscal year 1945 is estimated because it is not closed, but I will be glad to put that in the record. I think that it will probably give the information you want.

(The following tabulation was later supplied by the witness:)

War Food Administration—Commodity Credit Corporation—Condensed operating statements

Losses from program operations	Oct. 17, 1933, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	Estimated, July 1, 1944, to June 30, 1945	Total losses, Oct. 17, 1933, to June 30, 1945
American-Egyptian cotton			\$156, 121	\$400, 000	\$556, 121
American-Egyptian cotton planting seed			1, 195		1, 195
Alaskan spruce logs		\$22, 522		2, 000, 000	2, 022, 522
Apple freight equalization			3, 047, 116	200, 000	3, 247, 116
Barley	(\$4, 606)	(10, 590)	(143, 440)		(158, 636)
Beans and peas, dry edible			4, 396, 272	4, 800, 000	9, 196, 272
Corn	31, 157, 195	7, 261, 707	894, 305		39, 813, 207
Corn purchase and shelling				3, 600, 000	3, 600, 000
Corn ceiling price adjustment		359, 755	1, 166, 752		1, 526, 507
Corn requisitioned			(8; 232)		(8, 232)
Cotton	(35, 933, 141)	(25, 525, 792)	(27, 373, 731)	(5, 000, 000)	(93, 832, 664)
Realized profit on sales of rubber to Rubber Reserve Co.	(11, 090, 907)		35, 456		(11, 055, 451)
Cotton, burlap, and jute fabrics		(2, 769)			(2, 769)
Castor beans		3, 521			3, 521
Cheddar cheese		11, 437, 554	26, 101, 634	16, 000, 000	53, 539, 188
Dairy production			153, 136, 335	450, 000, 000	603, 136, 335
Dairy animals		115, 672	537, 168		652, 840
Fluid milk		2, 719, 719	8, 897, 343	12, 000, 000	23, 617, 062
Foreign commodities (excluding sugar)		3, 860, 399	(19, 627, 662)		(15, 767, 263)
Grain sorghums		(2, 555)	(1, 424)		(3, 979)
Fruits for processing	111, 337		18, 811, 060	26, 500, 000	45, 422, 397
Grain bins			13, 148, 494	3, 000, 000	16, 148, 494
Gum naval stores	4, 408, 565	(430, 747)	(3, 962, 806)		15, 012
Hemp			329, 072		329, 072
Hay			2, 697, 103		2, 697, 103
Hops	961, 047				961, 047
Millfeed price adjustment		163, 063	(24, 945)		138, 118
Oats			(26, 512)		(26, 512)
Oilseeds and products		14, 671, 254	2, 284, 219	45, 500, 000	62, 455, 473
Pecans		3, 751			3, 751
Potatoes			3, 247, 437		3, 247, 437
Potato freight			220, 151		220, 151
Peanut butter			5, 563, 880	8, 500, 000	14, 063, 880
Pork			330		330
Rye	(24, 914)	51, 582	(251, 396)		(224, 728)
Sugar		8, 194, 706	39, 007, 814	36, 700, 000	83, 902, 520
Shortening			391, 808	1, 000, 000	1, 391, 808
Seed peas			(1, 481)		(1, 481)
Sorgo		59, 399	6, 615		66, 014
Tobacco	2, 119, 688	96, 895	(7, 395, 210)		(5, 178, 627)
Vegetables for processing			20, 938, 233	36, 200, 000	57, 138, 233
Wheat	7, 810, 431	74, 494, 506	125, 012, 822	66, 000, 000	273, 317, 759
Wool	176		569, 225		569, 401
Subtotal	(485, 129)	97, 543, 552	371, 781, 121	707, 900, 000	1,176,739,544
Interest expense, net	(5, 438, 847)	2, 248, 414	(64, 540)	4, 000, 000	745, 027
Operating expense, net	17, 392, 965	(7, 441, 219)	10, 548, 164	11, 000, 000	31, 499, 910
Subtotal	11, 954, 118	(5, 192, 805)	10, 483, 624	15, 000, 000	32, 244, 937
Total commodity program losses and interest and operating expenses	11, 468, 989	92, 350, 747	382, 264, 745	722, 900, 000	1,208,984,481

Figures in parenthesis indicate credits.

Prepared: Jan. 30, 1945, Treasurer's Office.

Mr. JONES. That gives the loss for each fiscal year.

Mr. MONRONEY. Is it broken down as to programs?

Mr. RATHELL. It is broken down as to programs; yes.

Mr. CRAWFORD. You said that you have the accumulated losses down to June 30, 1942, on that statement.

Mr. RATHELL. Yes.

Mr. CRAWFORD. What are the figures?

Mr. RATHELL. \$11,468,989.

Mr. CRAWFORD. Now then, as of June 30, 1943, you add to that how much?

Mr. RATHELL. The loss for the fiscal year ended June 30, 1943, is \$92,350,747.

Mr. CRAWFORD. And for 1944?

Mr. RATHELL. For 1944 \$382,264,745.

Mr. CRAWFORD. So then there is an accumulated loss as of June 30, 1944, of roughly \$487,000,000.

Mr. RATHELL. Yes.

Mr. CRAWFORD. Will your break-down show the principal items in the \$92,000,000 loss and the \$872,000,000 loss?

Mr. RATHELL. Yes; it shows all the items.

Mr. CRAWFORD. June 1945 will be your next year. Would you care to make any rough estimate?

Mr. RATHELL. The statement carries an estimate of the loss at that date. The figure is actual down to our latest balance sheet date, which was October 31, and estimated for the balance of the period.

Mr. CRAWFORD. What is that figure?

Mr. RATHELL. That estimate is \$722,900,000.

Mr. GAMBLE. For the one year?

Mr. RATHELL. Yes.

Mr. KUNKEL. That includes the subsidy losses?

Mr. RATHELL. Yes; it includes all losses.

Mr. CRAWFORD. It includes your entire subsidy program?

Mr. RATHELL. Yes.

Mr. MONRONEY. The payment on meat and the payments of the R. F. C.?

Mr. RATHELL. No; it does not include any R. F. C. payments.

Mr. MONRONEY. Part of that subsidy program is paid out of R. F. C. money.

Mr. RATHELL. It includes only the program that the Commodity Credit Corporation operates.

Mr. MONRONEY. That is a part of the feed program.

Mr. RATHELL. Yes.

Mr. MONRONEY. And what other?

Mr. RATHELL. There is the Cheddar cheese program—the dairy production, fluid milk, peanut butter, feed wheat program, fruits and vegetables for processing, and the oilseeds and sugar.

Mr. MONRONEY. How much does that total run?

Mr. RATHELL. Well, the total losses estimated for this fiscal year are \$722,900,000.

Mr. JONES. That includes the support prices and the subsidies.

Mr. MONRONEY. What I was trying to do was to get a general idea of the difference between support price figures and the subsidy figure on feeds and other programs that you are running.

Mr. RATHELL. Just roughly, about \$650,000,000 of that would be the payment program.

Mr. MONRONEY. \$650,000,000 out of \$700,000,000?

Mr. RATHELL. Yes.

Mr. MONRONEY. That would be the subsidy payment program that you are running.

Mr. RATHELL. Yes.

Mr. BROWN. You have made a profit on some operations?

Mr. RATHELL. Yes. That is shown on the statement.

Mr. CRAWFORD. Mr. Jones, let me ask you this question with respect to your policy in general. Even as a member of this committee at times I find myself wondering about the soundness of our approach in that so many people have the concept that originally the Commodity Credit Corporation was created generally for the purpose of supporting farm prices through loans. That was our general approach. Now we have gotten off into these other activities which are strictly authorized by the Congress. We have here before us a bill asking for so much money which a great many people think has to do with loans. In other words, their minds have not yet picked up the proposition it also has to do with loans and carries all this subsidy money which the Commodity Credit Corporation disburses. That is really what you are going to use this money for.

Mr. JONES. Some of it; yes.

Mr. CRAWFORD. And subsidies. My question is this: Do you not think that it would be advisable and constructive for us to get into this record in very understandable language facts such as you said you would put in the record so that when we have debate on the floor and the press comments on this we can point out, for instance, that here are accumulated losses of \$1,692,000,000, and perhaps 80 or 85 or 90 percent of that is directly chargeable to these subsidies, these subsidy payments, you are making?

Mr. JONES. I do not think there is that much loss. The greater portion of the loss, whatever it is, is due to the payments.

Mr. CRAWFORD. I think it is very important that we make that known to the country.

Mr. JONES. I want to say to the gentleman in that connection that it is my thought that when we get through the emergency period and the artificial period, and the artificial period that will follow—and that will be an artificial period for a time—I would like to see the Commodity Credit Corporation's activities largely devoted, exclusively devoted, to farm purposes. I have no quarrel with the gentleman on that proposition. I feel just as he does, that if you are going to have an instrumentality for agriculture in normal times it should be devoted to that purpose, recognizing always the interrelationship, of course; yet, we had our choice of courses. We have gone a long ways down the road. We cannot start one way, back up, and then go the other way without upsetting the apple cart. For that reason we have asked that these things be continued.

I would think that, having done this and having set the program, and having gotten it geared to this sort of a set-up, it would be wise to make the provision for the emergency period to continue somewhat as it is.

Mr. MONRONEY. Why can you not do both? You handle the payments, but come to the Congress on direct appropriations on the losses that you are going to take.

Mr. JONES. That is exactly what we are doing and what we are undertaking to do in this legislation.

Mr. MONRONEY. You are going to ask for a direct appropriation from the Appropriations Committee?

Mr. JONES. We have to come here for direct appropriations. We have already had one appropriation, just as the R. F. C. has had

one. When our losses occur then our capital stock must be replenished with an appropriation. Our figures, as you will notice here, call for a certain amount of appropriation. We always have to go to the Appropriations Committee to replenish our losses.

We cannot wait until we get an appropriation to get the job done. The Senate has undertaken to put a limit on those categories and we cannot quarrel with that. I do not care anything about the authority to use excessive funds. I am perfectly willing for the committee to write any sort of a reasonable restriction on the amount that must be used for any particular purpose. You know when you go before the Appropriations Committee in advance to get the funds for a particular purpose, unless you can make a clear showing you may not get the money. First, you have to go to the Budget Bureau. Then you have to go before a subcommittee and then the main committee. In fashioning a program for future months it is pretty difficult to make the required showing in advance. That has not been done in the business provisions in connection with the R. F. C. We are using the same methods. Our methods are patterned after theirs. When we have to have a replenishment of the losses, we go direct to the Appropriations Committee. We have an appropriation pending now.

Mr. RATHELL. Included in the estimate of funds required is the pending appropriation for \$256,000,000 to restore the capital stock as of March 31, 1944, which was the last appraisal date.

Mr. JONES. I will state to my friend that we do not object to the Senate restriction, or something like that, so that we cannot use all the funds for one purpose. We would not intend to do that, but I can understand why it is not wise to give that authority, and to have categorical limitations is perfectly all right with us.

Mr. MONRONEY. The thing that I am leading to is the fact that at some future date somebody is going to say that the lending operations of the Commodity Credit Corporation show \$7,000,000 in bad loans. We know that is not the case. We know that we are making subsidy payments and everything that is not in any sense a lending program, and I believe that to keep the Government books straight it would be better to have direct appropriations for those programs to be handled by your department rather than—

Mr. JONES. I think the better way would be for us to make it very clear which are which, and we have undertaken to do that in the table. We should make clear which are the subsidies and which are the losses that are definitely linked to the subsidy payments and those that are connected directly with support prices. We are undertaking to do that in the table. That was all discussed in the testimony before the other committee, and these gentleman who handled the operating parts of the two wings of the program will be glad to discuss that in detail. I agree with the gentleman that that should be made very clear. Those two run across in this respect. There are certain direct payments that are clearly subsidy operations. Then, there are a few programs which are support prices above the ceilings. They are not in great number. In that there is a definite loss that is not necessarily connected with the support program, but it is connected with the stabilization program. Then, there are others where it is purely a support-price program. We will undertake to separate all three of those, if you wish, and to make

that clear—just which programs have definite payments. Even the payments for specific purposes will be set out. We will put them in the categories in which they fall. As a matter of fact, all these payments are payments designed to assure production in the light of the stabilization line. The dairy-feed payments are production payments. We are required to get for war purposes added production, as you know, on many commodities. It is highly desirable. Those are linked with that. We will undertake to make that clear distinction. I thank you for calling our attention to it. We will undertake to make that distinction very clear in our reports on this.

Mr. MONRONEY. The point that I am still making is, this is the Banking and Currency Committee dealing with a lending agency and a subsidy operation. While I favor them and have supported them consistently, I have done so as an outright expenditure of Government money. You should go to the Appropriations Committee for that amount of money and keep intact and unimpaired as nearly as possible under a lending operation—

Mr. JONES. This other method has been established. To back up at this time and undertake to do it another way might not be so well. The gentleman has had experience, and I know most of the members have, in trying to get funds in advance and undertaking to offer your proof as to how much you are going to need when you cannot tell how much you are going to need.

Normally, you would not turn over great lumps of money to the Army to purchase certain things. You do it now because the war will not wait. Normally, back in normal times, just as Mr. Crawford suggested awhile ago, we can go the other way, but in wartimes we have to take the short cut. The method that you suggest is not a short cut in wartime.

Mr. MONRONEY. We have this post-war problem that is going to stare us in the face. Obviously, there is \$500,000,000 of air, practically, on your books of the Commodity Credit Corporation that is absolutely and completely gone. It is not recoverable. It is a war expense, of which I approve. Would it not be better to take that \$500,000,000 loss and charge it to the war rather than wait until the post-war period and come in then when farm products need support prices for peacetime and have to get not only the money for that program but \$500,000,000 of money that was spent for maintaining wartime production?

Mr. JONES. If the Congress had made the funds available and had pursued that course, I would have no quarrel with that method. You must have the money to do these things if you are going to do them when the time comes. I think that if we were to start out now to say that would alter this whole program and let the thing rest until we have the correct appropriation we would jeopardize a lot of programs that we have in the mill.

Mr. MONRONEY. What I am suggesting would not jeopardize the program. It would bring it up to date.

Mr. JONES. I do not know whether I made this clear. We go every year to the Appropriations Committee to make up our losses just as other agencies do, and we make a detailed showing of what the funds went for and where the losses were. They make us do that, and we are glad to do it. When everything is before them they make the

appropriation and then they sometimes put in limitations on what the future commitments may be. There has been one previous appropriation to make up a deficit, and we have a pending appropriation of \$256,000,000.

Mr. MONRONEY. But, as I gathered from the figures you were reading, they would still leave your capital impaired about \$500,000,000. You are not coming close enough up to date.

Mr. JONES. When did that last figure of \$256,000,000 bring you up to in the last fiscal year?

Mr. RATHELL. To the end of March 31, 1944.

Mr. MONRONEY. That is a long time back. It will soon be March 31, 1945.

Mr. RATHELL. Then, of course, there will be another appraisal.

Mr. JONES. There will be another appraisal then, and we will make a showing of what the sums are.

Now, the gentleman—Mr. Monroney—has gone before the Appropriations Committee to get appropriations for future contingencies. He knows what a long journey it is, if he has tried to do it. And I am not quarreling with that. They examine each item carefully and then brush aside anything that is not directly authorized by the Congress. Now, this is the method that has been used in financing the business interests of this country since away back in 1930 or 1931, when the R. F. C. was established, and their funds that they have used are far in excess of the funds that have been used by this method in behalf of the farmers, and I do not see why we should have to start at this end of the line with that handicap.

I think the same program should be had as to both. I am perfectly willing for this committee, at the proper time, or even at this time, to declare the program in their report, or in any other way they want to, when this thing is going to be ended. I am not going to argue with you on that; I am in accord with the gentleman's thought along that line.

Mr. MONRONEY. But you are running a year behind. You are going to have another inventory on March 31 of this year.

Mr. RATHELL. Yes.

Mr. MONRONEY. And why do not you go to the Appropriations Committee for a definite appropriation to bring you up by about July 1, 1945, so that you won't have that year's lag that sometime you are going to have to make up?

Mr. JONES. I want to say this appropriation we asked for last year is still pending.

Mr. GAMBLE. Mr. Jones, does not the present law provide that Congress shall restore your capital when depleted by losses?

Mr. JONES. You know there is not anything that is mandatory on Congress. There may be an obligation, but Congress exercises its own discretion. I think it is an obligation on them and should be done, and I think they will do it.

Mr. GAMBLE. But does not the law provide for it?

Mr. JONES. Yes, sir; the law provides for it.

Mr. KUNKEL. Is not this all you can do now? But when you strike a balance to find out how much you have lost on the subsidy payments, whether you are going to do it by estimate when you go before the Appropriations Committee or from your books, when you finish up

your subsidy operations, in either case you will finally get the same figures?

Mr. JONES. In either case we will get up the final figures.

Mr. KUNKEL. And this discussion is more theoretical than practical now?

Mr. JONES. Yes; and your losses and profits are largely, until the final disposition, of a paper nature, because you have your inventory and never know definitely what the outcome is going to be until you are through.

Mr. KUNKEL. Sometime in the future you can look back and run through your operations and say, "That is how much we lost on subsidies in the emergency operations."

Mr. JONES. Yes, sir; that is right.

Mr. GAMBLE. Of course, most any subsidy payment is a direct loss.

Mr. JONES. Yes—not any subsidy payment, but any payment like the milk payment. That is a direct subsidy and we know in advance; we can figure that exactly at the time it is done, with reasonable accuracy. But, of course, the payments on that, even, are gauged by the production of milk and butter, and are measured by that, and you cannot tell accurately how much is a subsidy.

Mr. GAMBLE. I was differentiating between the subsidy payment being an immediate loss, and the loan on which you might have a loss.

Mr. JONES. That is right.

Mr. CRAWFORD. Going back to that statement you submitted, will there be any break-down in those figures that you submitted which shows the operations in Puerto Rico?

Mr. RATHIELL. No. There is no loss shown, or profit either, on the Puerto Rican operations.

Mr. CRAWFORD. Now, about the program in Puerto Rico: Is that maintained now by the War Food Administration, or by the Department of the Interior independent of W. F. A.?

Colonel OLMSTEAD. It is done by the War Food Administration as agents of the Department of the Interior.

Mr. CRAWFORD. As agents of the Department of the Interior?

Colonel OLMSTEAD. Yes.

Mr. CRAWFORD. I want to correct that rough figure I used a while ago of \$1,692,000,000.

Mr. JONES. You are including some others besides our own activities in that, are you not?

Mr. CRAWFORD. No; I am taking the total of \$11,000,000, \$92,000,000, \$382,000,000, and \$722,000,000.

Mr. JONES. Oh, you are taking it for the whole period?

Mr. CRAWFORD. Yes. Instead of the \$1,692,000,000 I mentioned, it is \$1,207,000,000. Now, what I want to ask you is—is there included in these actual and estimated figures of \$1,207,000,000, the cost of your operation in Puerto Rico? I assume it is, but I want to be sure.

Mr. RATHIELL. As far as I know, there has been no loss in that program. There is no item shown here for a loss.

Mr. CRAWFORD. There has been no loss?

Mr. RATHIELL. So far as I know.

Colonel OLMSTEAD. The loss, if any, in Puerto Rico would not bear on Commodity Credit Corporation funds. Those funds are only used for facilities with respect to procuring food. The losses would be

borne by the Interior Department fund which was appropriated for that purpose.

Mr. CRAWFORD. That is what I want to bring out. Now, can you at this time give the committee any information as to whether or not you have in mind disposing of that program in Puerto Rico, or is it the intention of the War Food Administration to continue, as an agent of the Department of the Interior, that food-control program that is being carried on there?

Colonel OLMSTEAD. On frequent occasions, that question is raised with the Department of the Interior and other affected agencies: At the present time, Interior has requested that the program be continued, on the ground that the War Shipping Administration says there is an insufficiency of shipping to return to the normal channels of trade. A part of the program, as the Congressman knows, has been returned to the normal channels of trade; but at the present time the reports are there is not an adequate supply of certain basic commodities down there and we are being pressured to increase the operation, rather than decrease it.

Mr. CRAWFORD. You say "increase the operation," you mean——

Colonel OLMSTEAD. That is, to increase the volume of material that is being sent down there and stored.

Mr. CRAWFORD. In other words, they want more foodstuffs?

Colonel OLMSTEAD. Yes, sir.

Mr. CRAWFORD. Would you say the people of the island are more interested in its being controlled by the Department of the Interior and W. F. A., than they are in private industry?

Colonel OLMSTEAD. I do not know.

Mr. CRAWFORD. You do not want to commit yourself on that?

Colonel OLMSTEAD. No, sir.

Mr. BUFFETT. I would like to inquire when we will receive a break-down of this balance sheet, so that we can inspect the break-down of the commodities owned.

Mr. JONES. I tried to make it clear that Mr. Farrington handles the basic commodities, and he will discuss the individual programs, if you wish, or any others you wish, and Colonel Olmstead will discuss the individual nonbasic programs. Before the Senate committee, they went into a number of those—not quite all of them—and we will be glad to do that here, if any of your committee are interested in them, and take up each individual program and tell you how it is functioning, and what the status is.

Mr. BUFFETT. What I was thinking of is a schedule of commodities owned.

Mr. JONES. Do you have that here?

Mr. RATHALL. We do have it here, and I will be glad to put it into the record.

(The matter above referred to is as follows:)

*War Food Administration—Commodity Credit Corporation—Commodities
owned and under loan, Oct. 31, 1944*

Commodity	Owned		Under loan		Total held	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Barley, rye, grain sorghums—bushels—	303, 531	\$248, 375. 73	2, 357, 952	\$1, 988, 092. 52	2, 661, 483	\$2, 236, 468. 25
Corn—do—	897, 731	450, 512. 15	1, 363, 553	1, 151, 070. 45	2, 261, 284	1, 601, 582. 60
Cotton—bales—	2, 272, 941	151, 252, 795. 74	4, 100, 474	390, 295, 464. 10	6, 373, 415	541, 548, 259. 84
Foreign commodities:						
Sugar—tons—	1, 806, 435	87, 681, 037. 21			1, 806, 435	87, 681, 037. 21
Other—		45, 331, 829. 78				45, 331, 829. 78
Hemp and milkweed floss—		23, 174, 081. 01				23, 174, 081. 01
Naval stores:						
Turpentine—barrels—	178, 504				178, 504	
Rosin—drums—	2, 927	5, 958, 019. 14	15, 271	169, 275. 81	18, 198	6, 127, 294. 95
Oil seeds and products—		26, 688, 574. 69		6, 883, 496. 99		33, 572, 071. 68
Potatoes—		11, 536, 185. 05		987, 580. 59		12, 523, 765. 64
Tobacco—pounds—	198, 265, 488	157, 884, 494. 97	2, 919, 230	843, 471. 97	201, 184, 718	158, 727, 966. 94
Wheat—bushels—	94, 706, 246	147, 363, 100. 89	168, 865, 106	227, 768, 234. 56	263, 571, 352	375, 131, 335. 45
Wool—pounds—	331, 668, 706	174, 428, 780. 37			331, 668, 706	174, 428, 780. 37
Miscellaneous—pounds—		4, 472, 482. 60		1, 647, 641. 22		6, 120, 123. 82
Subtotal—		836, 470, 269. 33		631, 734, 328. 21		1, 468, 204, 597. 54
General commodities purchase program:						
Cotton, fiber, and naval stores—pounds—	57, 321, 701	13, 261, 647. 00			57, 321, 701	13, 261, 647. 00
Dairy and poultry—pounds—	606, 994, 422	229, 133, 853. 00			606, 994, 422	229, 133, 853. 00
Fats and oils—pounds—	123, 942, 514	18, 176, 331. 00			123, 942, 514	18, 176, 331. 00
Fruits and vegetables—pounds—	451, 466, 510	58, 356, 578. 00			451, 466, 510	58, 356, 578. 00
Grain products—pounds—	991, 000, 383	61, 263, 868. 00			991, 000, 383	61, 263, 868. 00
Livestock products—pounds—	558, 015, 981	93, 833, 133. 00			558, 015, 981	93, 833, 133. 00
Special commodities—pounds—	549, 235, 474	36, 904, 105. 00			549, 235, 474	36, 904, 105. 00
Butter and cheese, D. P. M. A—		39, 114, 718. 47				39, 114, 718. 47
Miscellaneous—		13, 143, 215. 02				13, 143, 215. 02
Grand total—		1, 399, 657, 717. 82		631, 734, 328. 21		2, 031, 392, 046. 03

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Mr. SMITH. Mr. Jones, going back to the table relating to production since 1935, which you had inserted in the hearing at the beginning of your statement: Yesterday you mentioned that the increase in the efficiency of farming methods was responsible for some of the increase in production which you mentioned.

Mr. JONES. We think so.

Mr. SMITH. Of the increase that has taken place, what part of that do you attribute to the increased use of lime, fertilizer, higher grades of grain, and so forth?

Mr. JONES. Our Bureau of Agricultural Economics has made an estimate on that, and I will state to my friend it is based on the Bureau of Agricultural Economics' figures. I thought I had a copy here of their break-down of the estimates; I do not seem to have it before me. At any rate, they figure that, of course, some of these increases, in some instances, at least, have been due to more favorable weather conditions, but they break down a number of items that are

connected with soil practices, like fertilizer, plowing, and so forth. It is purely an estimate.

Mr. SMITH. Do you include fertilizer and lime as a part of soil conservation?

Mr. JONES. They may be, in some instances; not necessarily. Fertilizer and lime are not necessarily soil conservation practices; they have to do, however, with production. I was talking about the amount that that contributes to production. I think certain uses of lime are pretty good practices, but they link more to production rather than soil conservation. The soil practices, the proper use of the soil and the different phases of that, are pretty hard sometimes to distinguish one from the other; but the practices that keep the soil from blowing or washing away, storing the soil ingredients, and so forth—those are fully soil practices. And the growing of certain crops, the shifting of certain crops, some being soil depleting and some being soil building, are all a part of the program.

As you know, you have certain crops that are classed as soil building. Now, if you plant soil-depleting crops for a number of years on the same land, you reduce the soil quality a great deal. It is pretty hard to determine just which should be classed as soil-building and which should be classed as soil-depleting, and what are linked purely to getting production for the time being, and what are not. But I would like you to ask those questions of Mr. Dodd in detail when he gets on the stand, because he handles the triple A program, as well as the payments. Or, if you prefer, I will have Dr. Bennett come up, who is the head of the regular soil service, and he can go into that. I think H. H. Bennett is one of the best informed men in all the world on soil practices and the results as shown by those practices. He is much better informed as to the details on the technical side than I am. I am taking my figures from the B. A. E. figures, which, in turn, are based to some degree on figures furnished by Dr. Bennett and Mr. Dodd.

Mr. SMITH. I want to make my position clear. I did not mean to say there was no increase in production, but was speaking of the effect of soil conservation practices on production.

Mr. JONES. Yes.

Mr. SMITH. And my study of that problem, using the 1942 Agriculture Statistics, indicates there is no evidence that strictly soil-conservation practices have in any way increased production. Now, I exclude lime; I exclude fertilizer. And when you go into the question of rotation of crops, and so forth, you really have not any basis to work from. I do not mean that you ought to see results in this period of time; I really do not believe you could expect results in such a short period of time, because it would take longer to bring about what I consider real soil conservation. I do not want you to misunderstand me—

Mr. JONES. I think I understand. I will say this, however, that your section of the country has been more careful in your treatment of the soils than they have in a good many sections. You take it in my section, in the southwestern area, part of it is in the fringe of what used to be known as the Dust Bowl. I think the soil program has practically made over that country. It has not only increased production in a tremendous way, but if you will look at

the pictures of that country, or are familiar with that country—and that applies to that whole area—and see how we control plowing, even in the West, they have gone out and put furrows in the ranches some 20 or 30 feet apart so that the water won't go off. That country, when it gets dry, gets just like iron, and water coming down in a freshet, 80 or 90 percent will go off. I have seen grass, and I have seen it not only in that area but in other areas, where the grass will be twice as good where they furrow on a contour basis than it is otherwise. And the same thing is true as to the washing of the soil and blowing away.

Ohio is a tremendously rich agricultural State, and they have done a lot of their practices long before, and probably the results are not shown there as speedily as they are in many of the washed sections and blown sections of the South. I think anyone in that great southern area, or great western area, who would just look over the picture, remembering what it was if they have been over it before, they will say the soil-conservation practices and crop practices and diversification of crops have made their contributions to that.

Mr. BROWN. I want to call Dr. Smith's attention to one thing in that connection. I agree with Mr. Jones entirely in regard to the soil in the South and the western areas, that it is not the same as you have in Ohio. For instance, in my district, in my home county, we make today twice as much wheat per acre and twice as much corn per acre as we did 15 years ago. Fifteen years ago it took 3 acres to make a bale of cotton. Most of my farmers now make a bale per acre. And it is largely due to the treatment of the soil. I can understand that in New York, Ohio, and the Eastern States you have been more careful with your soil: but we have larger plantations and have not been so careful. And if you compare the picture now with what it was all over the country, I think Mr. Jones is correct.

Mr. SMITH. I have taken my figures from the Agricultural Statistics for 1942, but I do not care to pursue that question any further.

Mr. JONES. I would like to say, in that connection—I am very deeply interested, as I know the gentleman is and all of you—the greatest producing area in all of the world is the Mississippi River Valley that stretches from the Alleghenies to the Rockies, and I think this country, when the proper time comes, can well afford to go up—and really we need to do it—in the country where the water falls and follow on through with the check damming and major damming. If that soil is preserved, it will feed this country for generations to come. I think it is a thing that we cannot afford to discount or minimize.

Mr. SMITH. Another question I want to raise is the matter of definition of subsidies: what constitutes subsidies. You speak of outright subsidies as in the case of milk, but take the support prices known as purchases: Do not those things resolve themselves into simple subsidies: do you not think if you dispose of the farm products at a loss, that is a subsidy?

Mr. JONES. It becomes a subsidy, certainly, when a loss is incurred. But support prices may or may not involve a subsidy, as you know. You may promote stabilizing influences and prevent the peaks and the valleys in prices and, at the same time, over a period of years, there may be a very small loss. If the Government actually loses on any of these prices, it becomes a subsidy, of course, and that is the

test as you intimate. If it is a loss, whether it is a payment direct or whether it is a payment through a loss on the sale, it becomes a subsidy.

Mr. SMITH. Of course, I cannot quit distinguish between the different activities, as you do. It seems to me that all of those results spell themselves out as subsidies. Either that, or they merge over to the principle of a tariff. To bring up the price, in order to increase production, is very similar to the institution of a tariff on foreign imports.

Mr. JONES. Well, they have some of that element in them, of course. A commodity like cotton that is produced in surplus quantities year after year, cannot possibly get any advantages from a tariff, and the payments made in connection with that and other surplus crops is intended somewhat as an offset. But a support price as such—the major purpose of that is to prevent a collapse of prices and to have some uniformity and some assurance of stabilization.

Mr. SMITH. You seem to indicate in your testimony that you believe the Commodity Credit Corporation has become a permanent agency. Do I understand you feel that way?

Mr. JONES. I certainly do. I think our experience through the years has indicated the desirability of some method that will get away from the old policy that prevailed in my country when I was a young man. The farmer was compelled to sell his crop the minute he got it gathered, at any old price he could secure and, of course, the men engaged in distribution bought it as cheap as they could. That is the normal, human way to do. And he always sold his crop at a low figure. It was almost a byword that, during the harvesting season, the price would go down, and I have seen it go down. I have picked cotton that sold at less than 5 cents a pound, and I think my friends sitting up there from the cotton area will confirm that.

Mr. CRAWFORD. Three and a quarter cents.

Mr. JONES. We never sold any cotton that low, but I saw a bale sell for \$3.60 one time.

Mr. CRAWFORD. And we took it in trade, which was far less than the cash value because of the merchant's mark-up.

Mr. JONES. Yes; and ate biscuits in our country.

Mr. BROWN. And paid 40 percent for money.

Mr. JONES. Yes; I think that is one of the big things that has been done, bringing down the interest rates that at one time were a tremendous burden.

Mr. KUNKEL. What was the price of butter?

Mr. JONES. We did not buy butter; we milked the cows and made butter. It was pretty cheap, however; we did not get much for it. But I do not want to go back to those days.

And not only were our farm prices low at that time, but there was tremendous unemployment and there was not any money in the country, and manufacturing was at a low ebb, and facilities. They all have to go up together and go down together and, if you let nature take its course and go back to the old days—they can talk about them being golden days, if they want to, but I do not want to go back to those days. I know what the conditions were back in those days; I lived through those days.

Mr. SMITH. From what I understand, Canada buys all of the wheat produced there; is that right?

Mr. JONES. We had before the Agricultural Committee years ago, Mr. Vale, who is the head of that group, when they had support prices of a certain figure. Canada buys at this time, I understand, most of the wheat—not all of it, but the most of it—and gives the producers a certain price.

Mr. SMITH. My point is this: You purchase certain surplus farm commodities, and what is going to prevent that practice from developing into a situation where the Government buys all of the farm crops?

Mr. JONES. Of course, there may or may not be assistance; but that, after all, depends on the program that is laid out. I do not think a support price, if it is on a reasonable basis, necessarily means that the Government is going to buy all of it. It has not worked out that way in this country. And a whole lot depends on the philosophy of the country in which you are living. I do not think you should get the support price so high that it will result in that; I think if you put the support price high enough, you, of course, drive the Government into that.

Mr. SMITH. You bought quite a bit of cotton; there is no question about it and that had a profound effect upon the cotton market. That is the thing I fear with respect to support prices.

Mr. JONES. I too share your fear of getting the support price too high. But, again, we are in artificial times. I do not think the support price, unless the Government is going to take over the matter entirely—and, of course, it is a policy that Congress will finally have to determine as the representatives of the folks in this country—should ever go that high. I think, for normal times, the method that has been outlined is pretty good and I think on the major crops, commodities like cotton, of which we produce a surplus, when the time comes when we have the facilities and labor—I think the emphasis should be placed, in the handling of any of these programs, on letting the mills have the cotton and wheat, for instance, at world prices on that part we have to sell abroad, and let them buy on that basis. I think that is where the emphasis should be when they are disposed of.

Mr. BROWN. In the early period when the House voted loans on cotton, I remember the statement was made of \$200,000,000 loss then on cotton if sold at that time. I made the statement that cotton does not deteriorate; that it will last always and some day the Government will make money out of cotton. And I had the privilege of telling the House last year that the Government had now made \$91,000,000 and had something like \$90,000,000 profits on cotton now held. So we must not get scared too quickly. That is the history of it.

Mr. JONES. I agree with my friend very thoroughly on the support price program, and I would like to see that program made a permanent program. I think in doing it, however, we have to give some thought to the point Congressman Smith makes, that, if you get it too high in normal times, you run into that danger. And we are going to have some danger too because of the action in reference to the 1944 crop. In view of other prices, probably that was justified, but if we tried to make that a permanent program, that would complicate the situation.

Mr. BROWN. I think you ought to put in the record why the loans are at 92½ on cotton and not on wheat and other crops. That was

brought about at that time by the fact that all of the other commodities were selling at parity and above, and cotton was the only commodity selling below parity, and we had to do that in order to obtain parity for cotton.

Mr. JONES. You were just using that as a crowbar to get it in line with other commodities. I understand the purpose, but I am glad you make that explanation. However, the fact is it is different from the others.

Mr. WOLCOTT. I understand there is quite a shortage of toweling, sheeting, and pillow cases.

Mr. JONES. Yes, sir, there is. There has been very great difficulty in getting enough of that material manufactured, because of the shortage of labor and other conditions—the shortage of manpower and the big demand. There is a tremendous quantity of demand for that in the armed forces, and in this country as well. They cannot anything like supply the demand.

Mr. WOLCOTT. I was told the reason why there is a shortage of cotton goods at present is because the O. P. A. has never been able to work out a satisfactory formula under which they might operate in respect to the so-called Bankhead amendment.

Mr. JONES. I suspect they have their difficulties. I wish you would discuss that with them instead of with me, however, because I have headaches enough of my own without having theirs.

Mr. WOLCOTT. That was passed at 1:30 in the morning, and I just want to bring out they are having their difficulties.

Mr. JONES. I understand they are having some difficulty with that.

Mr. BALDWIN. Under your support program, what in your opinion would have been the condition of the markets on the crops you have supported had it not been for the war at this time?

Mr. JONES. Had it not been for the war?

Mr. BALDWIN. That is right. Your argument is based on the fact it has worked. It has worked and the Government has made money, with all due respect to my friend Paul Brown, because of the war situation. Was it not true—and I am speaking to you now as a farmer—when the war broke out that this country was glutted with every kind of farm product?

Mr. JONES. Not every kind, but a great many.

Mr. BALDWIN. In the case of wheat, for instance, the Government was practically buying it. As was suggested a while ago, the Government owned it. And today the Government is the only customer for wheat; you cannot sell it, practically, unless you sell it to the Government.

Mr. JONES. I want to say this in that connection: I do not go full length with the gentleman (Mr. Baldwin) there. Our wheat production was not excessive; our carry-over was not excessive. We had soil conservation practices and shifts and, in the main, there was not an overwhelming quantity on hand. And one of the finest assurances we had at the beginning of this war was the stock-piling and backlogging of some of those things on which we had loans, that were essential to the war effort.

Mr. BALDWIN. It was very fortunate; but I was speaking if you had not had the war.

Mr. JONES. There come peaks and valleys, and if you do not have some sort of support prices—I am talking from the standpoint of the

average American; not the farmer—when there is a big production, the commodity, especially food, a lot of it begins to deteriorate almost as soon as it is completed, and there will be a lot of wastage in food production one time and difficulty at other times. And I am a thorough believer in the policy of loaning on commodities that are storable, on the basis of averaging it out. I believe our experience so far, even aside from the war, has tended to establish that philosophy as the better one, and I think it will be so even more intensely in the future.

I do think we have to keep our feet on the ground and keep that on a proper basis. I think when any group of farmers, or any group of any other kind, drive too hard a bargain, they tend to stymie their own activity and will meet themselves coming back. But the old way of turning it loose on a dog-eat-dog basis—I do not want to live through those times any more.

Mr. BALDWIN. I think that is all right; I thoroughly agree with you on that; but the question in my mind is, How are you going to work it out in its practical application in normal times?

Mr. JONES. I have a lot of faith in the genius and skill of the American people to work out those things as they go along. I believe we will do it.

Mr. BALDWIN. That is the trouble—if we have the ability to do it.

Mr. JONES. The C. C. C. made loans on 187,000,000 bushels of 1944 crop wheat, for instance, last year; the balance moved in regular channels.

(The committee thereupon took a recess until tomorrow, Friday, February 2, 1945, at 10:30 a. m.)

CONTINUANCE OF COMMODITY CREDIT CORPORATION

FRIDAY, FEBRUARY 2, 1945

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., Hon. Brent Spence (chairman) presiding.

The CHAIRMAN. I understand Mr. Hancock desires to make a short statement. I just want to say this for the record. For many years Mr. Hancock was a distinguished Member of the House and, if he had remained on this committee, he would be sitting where the chairman is now, and we are always glad to welcome you as a witness before this committee.

Mr. HANCOCK. Thank you very much, Mr. Chairman. Knowing you as I do, I could not help being very sensitive to and appreciative of those remarks. I always enjoyed my association with the members of this committee. Notwithstanding the fact the judge (Mr. Jones) is sitting on my right here, I still think this is perhaps the most important committee in the House.

At this point, I would just like to submit for the record a statement in which I heartily endorse the bill before the committee and briefly outline the history of the Commodity Credit Corporation, its present objectives in a general way, and a brief analysis of the present corporate set-up, and of the bill before the committee.

The CHAIRMAN. Your statement will be incorporated at the conclusion of the statement by Judge Jones.

(Mr. Hancock's statement appears on p. 72.)

Mr. HANCOCK. I have only been associated with the corporation for about 3 or 4 weeks now. I also feel there is very little I could add to the very splendid presentation made by the judge and, in view of the fact we do have men here who are able to give the committee any specific or definite information they desire to know about the operations, I feel I should not take up any time in reading this statement.

Mr. JONES. I would like to add I think we have been fortunate in getting someone with Mr. Hancock's background and experience at the head of the Commodity Credit Corporation. His experience on this committee, his business experience and otherwise, make him especially fitted for this work. He, of course, has only been here a short time and just wishes to submit his statement to the committee.

The CHAIRMAN. You may proceed, Judge Jones.

STATEMENT OF MARVIN JONES, ADMINISTRATOR, WAR FOOD ADMINISTRATION—Resumed

Mr. JONES. I had finished about what I wished to say, Mr. Chairman, and was endeavoring to answer questions as best I could about this whole procedure. I think I made it very clear that much of our

losses are due to the effort to hold the stabilized price line, and I think the Commodity Credit Corporation can render a fine service to the agricultural interests of this country by its continued operation on a practical basis, getting back to that basis when the emergency and the aftermath are over. I would like to see the Commodity Credit Corporation at that time stripped of every outside connection and all of these other agencies and made strictly and kept clearly as an instrumentality of agriculture. I think that is proper and should be done.

There were some questions that were being asked. I will be glad to answer any further questions I can in this connection; but when it comes to the details of the operative part I would like these other gentlemen to go on the stand and explain any of the detailed programs that come within their jurisdiction, when I have finished.

Mr. BUFFETT. This bill provides for an increase of 66 percent in the borrowing power of the C. C. C.?

Mr. JONES. No; a 40 percent increase; from \$3,000,000,000 to \$5,000,000,000.

Mr. BUFFETT. You spoke of the tapering off of these activities, and I am wondering at what point that brake in the mechanism begins to operate.

Mr. JONES. I wish to state that, up until the war started, we only had a few basic commodities that were covered directly by the mandatory loan features, and the other was simply an authorization. We do not expect anything like all of these commitments we make to involve complete losses. We will have collections all the time; but if we carry out the price supports during the war period, plus the losses that are inevitable to the price line holding, plus the natural problems we will have following the ending of hostilities in carrying out the directives of the Congress for the period following the war, there will be times at the flush season when the commitments will be pretty large, and we felt like Congress wisely provided against a price collapse such as that which followed the previous war—not only the last war, but every previous war—and that it was desirable for us to be ready to move when that time comes.

I would be perfectly willing to have whatever restrictions the committee may wish to make on that; but there will be times, with this tremendous production—it is 38 percent above normal—when we will have to have a good many commitments out if we keep faith with the producing people of this country, the farmers. And we have asked for enough, we think, to enable us to do that. I do not think we ought to take chances. I think the psychology would be very helpful if Congress will show by this action that they intend to see that those promises are kept to the letter.

Mr. BUFFETT. I believe that is correct. Of course, a corollary of that, in my mind, is that the best method of procedure in preparing for that is to keep your commitments prior to that emergency down as low as practicable.

Mr. JONES. Yes.

Mr. BUFFETT. And, in that connection, I want to inquire about cotton. You happen to have a large quantity of cotton in your inventory.

Mr. JONES. I am glad to have you make that inquiry; because, as you know, in the Stabilization Act there was a commitment to the effort to secure parity on these crops and that all legal steps be taken.

That was a directive issued by the Congress. Cotton was one of the few commodities that was below parity and in our steps to comply with that directive, while it only applied to the 1944 crop, that is a pretty big element. It is going to make us get a good deal of cotton; but I do not know that we had any other choice than to pursue that course.

I think in the regular functioning of the Commodity Credit Corporation during normal times, there should be a leeway in there between the support price for the regular operations in trade channels, in the operation of the regular marketing set-up.

Mr. BUFFETT. Of course, this is in the nature of sort of a revolving fund, and prior to this emergency you were cutting it down. Let me see if I get it straight. Would you have this much cotton if you were working this operation to suit yourselves, or do you have this large amount of cotton because of the price support set up by the Congress?

Mr. JONES. Well, that is a matter you can answer either way, yes or no, because it is a part of the picture. A good deal of the cotton we are getting this year, and will get before the final marketing of all the cotton of the 1944 production, will be due to the commitment for the obtaining of full parity; because naturally, when you have to go to that point, and it gets right up to the ceiling, then we have to buy a good deal of that 1944 crop. However, we do have some left-overs of two or three other crops. Cotton can be stored for a good long while, and those are gradually being reduced, and, of course, we are undertaking to work out a program that will enable us to get a disposition of those commodities as best we can. We will have, however, some of them on our hands, and, but for the fact we can make collections, we would have to have even more commitments out. If this money went back, we would have to have an even larger fund.

I want to say to the gentleman it is my thought to hold this thing down wherever we can and keep the losses as low as possible and the accumulations on as reasonable a level as possible; but always we try to carry out the wishes of the Congress as best we can interpret them.

We are all going through a period when there are necessarily large expenditures. The whole war effort involves that. But when what we are doing in connection with the farming operations is laid alongside of the tremendous outlay of expenditures, all of them essential, in connection with the other materials of war, like guns, planes, tanks, tractors, and so forth, it is a comparatively small percentage.

Of course, we are all looking forward to the time when we can get back to a more normal period of operation.

Mr. BUFFETT. Now, there is three-quarters of a year's supply of wool on hand.

Mr. JONES. Yes; there is a good big supply.

Mr. BUFFETT. Here is the thing I am getting at: Someone was telling me about a combination irrigation and flood-control dam they had down in the Southwest somewhere, and they had a good deal of water one year, and it filled up the dam, and they left it there, because they were going to use it as an irrigation dam as well as for flood control. The next year they had a flood, and the dam was already full, and out went the dam, and it was neither a flood control nor irrigation dam when it was all over. I do not want to see that happen to the Commodity Credit Corporation.

Mr. JONES. I agree with you. I think I know the one you refer to, because there was a tremendous flood and the dam was already filled with water, in the case of the one I have in mind. However, that did not do the damage that was anticipated and I understand with the benefit of that experience they have gotten back to where it is doing a fine job.

Of course, it is impossible to avoid some mistakes in handling propositions of this kind, and I do not want to create the impression before the committee that we won't make some blunders. All of us do that; we are human beings. But we are watching it as best we can. We have our organization closely knit and meet every morning and briefly go over our problems to try to iron out the difficulties and to tighten up wherever it is possible to do so.

Mr. BUFFETT. Will you, or someone of your staff, tell us how you are handling this wool problem?

Mr. JONES. I will be glad to have someone do that.

Mr. BUFFETT. I assume it is a problem?

Mr. JONES. Yes, it has been a problem; however, it is not as serious as at one time we thought it would be. And it would not be a problem even now if we had plenty of facilities for manufacturing the cloth. If the manpower situation ever gets to where it is easier, I think a good deal of that can be utilized. But we will have someone explain that phase of the problem to you who is familiar with the details of the problem.

Mr. BUFFETT. The difficulty I am thinking of generally is that the more liquid your corporation is now, the more of those inventories you can get rid of.

Mr. JONES. We are thinking at all times of and trying to emphasize that and, wherever we can, we are trying to reach for new outlets and new markets for these various commodities, especially the ones that this country produces in quantity. And I feel like the support price idea as a continuing thing is desirable in order to prevent these price collapses. And if you will take the record of the Commodity Credit Corporation in handling these various commodities in normal times, they have secured a better flow, and I think, in the long run, the losses are comparatively small and will be comparatively small. At the same time, I think, linked to that, every effort should be made to secure wider markets for these commodities. And we are giving every thought and attention to doing so.

Mr. TALLE. Judge Jones, do you know at what time the Commodity Credit Corporation became the purchasing agent for the Lend-Lease Administration?

Mr. JONES. I think it was some 2 or 3 years ago, but I will ask Colonel Olmstead to answer that.

Colonel OLMSTEAD. March 1941.

Mr. TALLE. It is continuing in that capacity now?

Mr. JONES. Yes, sir. We make extensive purchases, and I would be glad to have you go into the details on that with Colonel Olmstead. As a matter of fact, however, we do not have any losses in connection with those purchases. We have the responsibility for making the purchases and they are vast purchases because there are great needs in that connection.

Mr. TALLE. That was my next question. I wanted to know what responsibility Commodity Credit might have in that connection.

Mr. JONES. We have to make the purchases for lend-lease; as I understand it, we have the purchasing, transportation, storage, and getting them to shipside. I think altogether last year we bought some \$2,700,000,000 worth of goods for lend-lease. It ranged between five and eight million dollars a day, on an average, and that is a pretty considerable business. Of course, that was in varying forms; we had the storage problems, transportation problems, and had a very difficult thing to handle. But I think everyone will agree that what we furnished the Russians and the British, which enabled them to go forward, was a desirable thing to do. I would rather do that than to have our boys do the fighting.

Mr. TALLE. Oh, yes; I too, share that view.

Mr. JONES. My attention has been called to the fact that we are required to be fully reimbursed and we are fully reimbursed. We simply act as the agency in that connection, under section 4 of the act of July 16, 1943, which provides:

Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, on commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, from the appropriate funds of these agencies.

We buy some, of course, for the Army, but we are reimbursed for those.

Mr. TALLE. So that the Lend-Lease Administration is required to take whatever you purchase for them?

Mr. JONES. Yes. We act as their agents; they fully reimburse us through F. E. A. and those other organizations.

Mr. TALLE. And there is no danger that the Commodity Credit Corporation might be left with a large inventory, let us say?

Mr. JONES. I think that is correct—on those particular purchases. Of course, in addition to those purchases, we have to make some purchases in connection with support prices and we get some inventories on that that we have some difficulty with. But on the part we purchase for lend-lease, it is so worked that we do not have to take any loss, or any appreciable chance of loss, in that connection, as I understand it.

Mr. TALLE. But the very fact they are so gigantic—

Mr. JONES. You cannot say there won't be any, but there will be no appreciable loss on that. But I would rather you would discuss those details with Mr. Olmstead on that phase, because he is more familiar with the details than I am.

I want to say to my friend—Mr. Talle—it is a pretty vast undertaking and there are so many problems that come up it is nearly impossible for one man to keep at his fingertips the details of so tremendous an undertaking and it is sometimes almost hopeless.

Mr. TALLE. Oh, yes; I realize that.

Mr. SUNDBSTROM. Do you, in regard to these lend-lease purchases, have to go out in the open market and buy, or can you liquidate part of what you already hold?

Mr. JONES. We can do either way, and we use both methods. We have to go out in the open market and buy in some instances and, of course, while we have stocks, we use those and simply transfer them. We do not go out and buy where we have the unneeded reserves.

Mr. CRAWFORD. On that same point: If you will refer to your balance sheet of October 31, 1944, under "Liabilities," you show where F. E. A. has advanced to you, for the account of lend-lease purchases as of that date, \$634,437,000. Now, as a general practice, does F. E. A. or Lend-Lease advance to you funds with which to make their vast purchases; or, as a general practice, do you use your own funds and then bill them subsequently?

Colonel OLMSTEAD. The Lend-Lease Administration allots money with the requisitions. The procurement is actually made with C. C. C. funds; then when the commodity is transferred to the claimant—for example, the British—and is taken at shipside by them, the Lend-Lease money which has previously been allotted against the general requisition is transferred on the books to C. C. C.

Mr. CRAWFORD. Does Lend-Lease money come to you through F. E. A.?

Colonel OLMSTEAD. Yes, sir.

Mr. CRAWFORD. So, then, as of that date, you show your liability to them for \$634,000,000?

Colonel OLMSTEAD. Yes, sir.

Mr. CRAWFORD. Now, under the assets section of the balance sheet, you have "producers pools, \$40,270,764.20." What is that?

Mr. RATHELL. That is the producers' loan pools. It consists of the residue of the 1941 loan cotton, and the 1939 and 1940 wheat loans.

Mr. CRAWFORD. That explains it.

Mr. RATHELL. Which has not been repaid by the producer, and has now been pooled for sale by the Corporation.

Mr. CRAWFORD. That explains that. I was just wondering if we still had some kind of a pool program in our current operation? But that goes back to 1941?

Mr. RATHELL. Yes, that goes back to 1941 on cotton and 1939 on wheat.

Mr. CRAWFORD. Now, you have "loan receivables held by lending agencies, \$464,000,000." What is that item?

Mr. RATHELL. Those are principally cotton and wheat loans that are in the hands of banks who have our contract to make those loans and our guaranty to purchase them when tendered.

Mr. CRAWFORD. That explains that. Now, under the liability side you have an item "bank loans payable, \$277,482,000." Does that item in any way relate to the \$464,000,000?

Mr. RATHELL. No, it is a separate item. The bank loans payable are advances made by banks in connection with purchases of commodities by the Commodity Credit Corporation. The items there consist of wool, soybeans, peanuts, and sugar.

Mr. CRAWFORD. Let me see if I understand you. In your asset item of \$464,000,000 held by lend-lease, you have a contingent liability to the bank as a result of the bank having made a loan on some commodities, which loan you have guaranteed?

Mr. RATHELL. That is correct.

Mr. CRAWFORD. Where is your offset item on that under "Liabilities"?

Mr. RATHELL. The last item.

Mr. CRAWFORD. \$464,555,000.

Mr. RATHELL. Yes, sir.

Mr. CRAWFORD. In other words, it is a contra item?

Mr. RATHELL. Yes, sir.

Mr. CRAWFORD. That explains that. Now, on the asset side you have "Accounts receivable, \$551,000,000." Against whom are those claims primarily?

Mr. RATHELL. The principal item there is receivables from the F. E. A. in connection with lease-lend deliveries.

Mr. CRAWFORD. I thought that was probably true, but I wanted to verify that. So, then, as these requisitions are issued and you make purchases, you carry an account-receivable claim against F. E. A. until their remittance clears to C. C. C.?

Mr. RATHELL. Actually, I believe it is until documentation is completed. The shipments are made and go into receivables and, when the final document is delivered, it clears the receivable against their account.

Mr. CRAWFORD. Now, under the asset side, again, you show commodities owned of \$1,399,000,000. Did you put in the record any break-down on that?

Mr. RATHELL. Yes, sir; the statement was put in the record yesterday, showing the break-down of that item.

Mr. CRAWFORD. That clears that. There are one or two other questions I want to ask Judge Jones.

In your presentation here today, I think you said something about the 1945 program calling for a 5,000,000-acre increase over 1944. That gives about a 16,000,000-acre increase over the 1935 to 1939 period, I believe, including the increase in 1945 over 1944. Now, this is the question in my mind, and I want to get your thought on it: In my district, the eighth Michigan, I am very familiar with farming operations. Intensive farming, farming on a big scale with very expensive mechanical equipment, is carried on there and I have been telling my farmer constituents the last 3 or 4 weeks that, based on my judgment, they had better prepare their 1945 program and plan their whole acreage procedure and all on the ground of having hundreds less young farmers between the ages of 18 and 25 than they had for the 1944 program. I have told them that is my judgment in the matter, because I think those boys are going to go in the military forces, where they are able-bodied.

Now, do you feel if the selective service does take in, say 50 percent of the roughly 364,000 18-to-25-year-old young farmers, the people left can carry out this increased program?

Mr. JONES. Of course, it will be much more difficult if they take that many of what is left, because many of those men that are left there are skilled, key people. I do not see how it is possible, under the terms of the law, for them to get that large a number.

I will state to my friend, Mr. Crawford, they have already been operating under pretty severe handicaps, as you know. The population on the farms is nearly 5,000,000 less than it was in 1940—the total population. It has been estimated that from 3 to 3½ million people have left the farms to work in industry during that period; that about a million and a half have already gone into the armed services. The deferred new figures that have been furnished me between the 18- to 25-age group are about 364,000, I think it is. Of course, that seems like a large number, but on a blanket system

that is small as compared to all the others. But that becomes more important when it is realized that the local boards have already gone over those and a showing had to be made that a man was making a real contribution before they did so.

I have said to General Hershey, and I have said before the other committees, that I doubted whether he could get anything like that number that you suggest. I am perfectly willing and think it is proper for them to squeeze all the water out of that and, if anybody is using it for a haven, I know you would not want it to be used that way.

Mr. CRAWFORD. I think the farmers themselves would not want that.

Mr. JONES. I think it is all right to take only those that fall clearly within the Tidings amendment, and I think that amendment is pretty well worded. They are deferred only until such time as replacements may be had. I take it that means satisfactory replacements; because there is a great deal of work in these days of modern farming that requires skill, and you cannot replace a skilled man with someone who does not know the technical and practical side of those farming operations.

We have long passed the old days when plowing with a crooked stick was considered agriculture. Now we have modern methods, improved methods, and all that has made a vast contribution to this vast production that we have been able to secure. We hope to supplement wherever we can with labor brought in from the outside. We brought in 62,000 from Mexico in 1944, about 3,000 from the Bahamas, and 15,000 from Jamaica. The Extension Service did a good job, together with our Labor Division, in connection with the shifting of labor within this country from one State to another and from one county to another in the various States. We hope to be able to supplement some with the use of war prisoners.

Any taking of additional people from the farms will hurt. The difficulty is that we have an over-all manpower problem and we have to raise an army. There is a shortage of help everywhere. For that reason I think that every effort should be made to prevent deferment being used as a smoke screen, and I know that the gentleman from Michigan will agree with that. I do think that it is serious. I hope that they will leave the problem largely to the local selective boards, as the law provides. I do not think anybody knows those people as well as the people who live there, and I think they will see to it that if a man is really not making a contribution and is not essential within the meaning of the law he will not be deferred. I have a great deal of faith, believing as I do in the democratic processes, in the knowledge and skill of the people that are already there.

That is not the whole problem. Another problem is that a lot of people are leaving the farms, and an effort is being made to work out some program, legislative or otherwise, that will keep people from going from essential to nonessential work.

Mr. CRAWFORD. From around the 15th of April until the 1st of December I know that the farm people in my district—men and women, boys and girls from 8 years up to 20, have during the past 3 years been putting in from 50 to 120 hours of productive labor per week. Where a young fellow can stand that, a man 60 years of age cannot.

In the past 2 years I have seen women—girls from 14 on up to mothers 65 years of age—riding tractors, combines, cultivators, on the hay wagons, working as late as 10 o'clock at night in the fields. I do not know how the people in that district can increase their production in 1945 over 1944 if we lose the able-bodied young men out of that area. If the factory people were working that many hours, there is no telling what the production would be.

Mr. JONES. I agree thoroughly, and I have taken occasion to say in speeches and in statements to various groups that it is going to be very difficult. War is tough. Frankly, I did not see in 1944 how they were going to do it.

I heard a woman from Kentucky tell how she owned a farm in Kentucky. Her husband was not living and her two boys had gone into the service. Her tenant had gone to work in a war plant and she learned to drive a tractor. She not only plowed her own land but she plowed 150 acres for the neighbors. She said that on hot afternoons it would get pretty hard, but she would think of her boys and the other boys like them and she would go ahead and do her job. Older people have worked. Boys and girls have worked. Volunteers from the towns and cities have helped in the emergency harvesting. It is an amazing thing what can be accomplished when the necessity arises.

I think the story of the way the farm people have worked and produced, notwithstanding the handicaps of machinery and labor shortages, is something all of us have a right to be proud of. We shall just have to do the best we can during this critical period.

Mr. CRAWFORD. I would like to submit this one illustration. Here is a letter from Fred Schreiber, who lives within about 6 miles of my place. He has two fellows who work on the farm with him. On that farm they produced 5,000 bushels of certified seeds, which involves some of the most skilled agricultural operations that you could possibly think of. In addition to taking care of that seed, those three fellows went out and baled all those bales of hay that I show you [indicating] for those 105 separate farmers.

In addition to that, they went out and combined all of this acreage that I show you [indicating] of beans and alfalfa seeds for farmers.

In addition to that, they went out and did special farm work, plowing and cultivating for that group of farmers [indicating]. On top of that they did corn picking for all these farmers [indicating].

Here is the letter [indicating].

He is going to lose those two men. That will not only close down the 230 acres, but it deprives over 160 other farmers of the help they had and all that technical work, almost entirely mechanical, which requires the best skilled mechanics to do it. That is just one illustration of what is taking place all over my district.

Mr. JONES. Were those facts presented to the local selective service board?

Mr. CRAWFORD. They are going into the Army.

Mr. HULL. I would like to ask you if you have paid any attention to the actual orders that are going out from the Selective Service Administration to the State boards and the draft boards. Do you know what they are doing?

Mr. JONES. Yes. I was over at the Agriculture Committee the other day with General Hershey, and after a discussion of the matter General Hershey agreed to send out a statement in which he would say that the Tydings amendment was still to be observed and was to be left largely to the local selective service boards.

Following that I sent out a further statement to our boards who are supposed to furnish the information, quoting what General Hershey was sending out and saying that they would continue to furnish the facts. What our boards do is to furnish the facts in connection with these operations on request of the selective service boards.

Mr. HULL. As a matter of fact, did not the Selective Service Board send out at least one man, and possibly seven, to the State boards to give the State boards verbal instructions as to what they should do?

Mr. JONES. General Hershey said they were not doing that. I am helping in every way I can to see that this law is complied with. We have sent out all the instructions we can on it. Of course, it is the responsibility of the Selective Service, and they also have a very tough assignment. General Hershey has been told that it takes so many men to fight a war, and he has a difficult problem to handle. It is his responsibility.

Mr. HULL. Did he not also admit before your committee—he did before the general committee of the Congress—that the orders he had sent out were so confusing that the draft boards within the various States were confused as to what they should do under the Tydings amendment?

Mr. JONES. He agreed after a discussion in the Committee on Agriculture that he would send out a clarifying statement, and he did send out a statement that the Tydings amendment was still to be observed, and the matter would be largely within the discretion of the local selective service boards, subject, of course, to the appeal provided by law.

Mr. HULL. Have you investigated whether or not some State boards are insisting that the orders of the President be carried out that agriculture is an unessential industry and that every man between 18 and 25 is more valuable to the country in the Army than on the farm? Some State boards have allowed that impression to go out to these draft boards and have thus nullified the effect of the Tydings amendment. Have you made any investigation regarding that?

Mr. JONES. We have had some reports on that, and wherever that has come to our attention I have called General Hershey, or someone on the Selective Service staff, and presented it. They have agreed in those instances to check and see that the boards did not go that far. It is difficult for us. We are in a position where we simply present the facts and urge action.

Mr. HULL. I have asked a number of people in my district, which is a dairy district—we have around 500,000 cows there—as to the effect of the action of the draft boards under their supposed directive from the State boards, and what the effect is going to be on dairy production. The estimates are of a reduction from 40 to 60 percent in some of the best dairy counties we have. And one of the explanations is that the draft boards are so confused over the orders that have gone out that they are taking practically everybody under the direction of the State office, which insists that they must fill their quota no matter where they get them.

You have the responsibility of the food supply and you should be informed on those matters.

Mr. JONES. I have heard from time to time, and our group has, not only that agriculture be classified as an essential industry, as it is under the law, but also that the vital needs of food be considered in connection with the whole war effort. I have taken all the steps I think I can.

Part of the difficulty has arisen from the fact that upon examination some of these men were put in IV-F, and when they knew that they could not physically qualify, they left the farm. It seems to me that it is important that that difficulty be corrected. I think that they are taking steps to correct that.

Mr. HULL. Under the policy of some of the boards of sending young men to be examined before reclassification, it does give them an opportunity a lot of times to leave the farm.

Mr. JONES. Yes. I am not offering that as a criticism of them. Men naturally like to seek a place where they can do the best for themselves. It is a situation that needs correction. It is just one of those difficulties that arise. I hope that with the understanding and discretion of the selective service boards this problem can be handled in a practical manner and that we will not have to go too far in taking key and essential men off of farms. I hope that there will not be any reduction that my friend speaks of.

The CHAIRMAN. I have received a lot of letters from people who complain that the selective service boards pay no attention to the Tydings amendment. Just what is the extent of the complaints of that character?

Mr. JONES. We get a considerable number of complaints, and we always met them and sent word back that it is in the law and that, of course, the law must be complied with. We submit that to the Selective Service. We do not let any grass grow under our feet on those complaints that come to us.

The CHAIRMAN. I do not believe that the selective service boards are informed as to the law. They seem to have a misapprehension.

Mr. JONES. That is the reason that after this conference they induced General Hershey to send out the explanation that it is still to be considered. You perhaps saw a copy of that statement he sent out about a week ago after an all-morning session with the Committee on Agriculture. He agreed to send out that explanatory statement. We have sent to our boards a copy of this statement with instructions that they are to furnish full information in connection with these various people. That is as far as we are authorized to go.

The CHAIRMAN. I believe the democratic processes are the best and that we must rely on them. In many instances it seems there have been gross injustices because of the rulings of the local boards.

Mr. JONES. There may have been. I do not want anyone to think that what I say is an effort on my part to offer criticism of men who have difficult assignments. Some of these assignments are pretty tough, and with 12,000,000 or 13,000,000 of our best and most active people in this country in the actual fighting forces, and with the greatly expanded production of war materials, a substantial production of food, manpower is a problem clear across the board. It is a very difficult thing to handle.

Mr. BROWN. We have a problem with the small farmers who are producing food for family consumption. The local boards were notified that when a farmer is producing for domestic consumption and not producing for the war, he ought to be in the armed forces. Eighty percent of my people are small farmers. The local boards are embarrassed. Somebody has to produce at home.

Mr. JONES. Again, I do not know of any better method of determining these things than having the local people pass on them. I think they know who the chisellers are, and I think they will get rid of the chisellers. If they are left free, they will do this job in a practical manner. There is a borderline difficulty there that is presented. I do not know the answer to it. I do not know what the wise answer is. I do know that we are all having difficult problems.

Mr. BARRY. How does the farm production of 1944 compare with the farm production of 1941?

Mr. JONES. The 1944 production is considerably up over the 1941 production. The 1944 production was our record production. It was a greater increase than the acreage would indicate because we had rather above normal weather conditions in 1944. The planted acreage was about, as I recall—and I would like to correct these figures if they are not right—16,000,000 acres above the 1935-39 average. I do not have before me the 1941 figures.

Mr. BARRY. That is a pretty good result.

Mr. JONES. You know, people hardly know what they can do except when they are up against a crisis. I think the American people all along the line have done a magnificent job of production. There have been difficulties at all places. It has not been an easy task.

Mr. BRUMBAUGH. Do you think placing the conscientious objectors on the farm who are in camps now would help the situation any?

Mr. JONES. I do not know how great that number is, or just what they are doing, or how essential their work is. Any able-bodied man that knows anything about farm work and can help on the farm would certainly be welcomed.

I am not familiar enough with the situation to give you an intelligent answer.

Mr. CRAWFORD. Here is a copy of the Selective Service directive by Mr. Leroy Pearson, State director, Lansing, Mich., to all local boards and boards of appeal in that State. He stamped across the face of it "Immediate Action."

Mr. JONES. What is the date of that?

Mr. CRAWFORD. January 4, 1945. Here is what the local draft boards and the appeal boards and the War Food Administration and the farmers of this country are up against. As I said, I have boldly told my people that, as far as my judgment is concerned, they might as well prepare to lose these boys because I am convinced they are going into the service, especially if this war continues another 90 or 100 days.

The Tydings amendment to the Selective Service Act does not give the agricultural worker absolute exemption from selective service.

It is true. We all know that.

It was not so intended. In asking Congress to adopt this amendment Senator Tydings said: "All my amendment seeks to do is to provide that whenever a person is employed continuously in his State in the production of food and taking him off the farm would leave a large section of land uncultivated, and there is no replacement, he shall be deferred upon those facts until a replacement can be found."

Then it continues:

I have reported these facts to the President. He has found that the further deferment of all men now deferred in the 18 through 25 age group because of agricultural occupation is not as essential to the best interest of our war effort as is the urgent and more essential need of the Army and Navy for young men. The President feels in view of existing conditions agriculture, like our other war industries can, with few exceptions, be carried on by those in the older age groups.

I do not know how many of you have worked on farms. I have worked on farms, and I now work on a farm. I get in from 1 to 3 hours' work every morning on a farm before I come to my office, performing stoop labor and other kinds of labor, and I know the physical forces that it takes out of a man's body. I wish somebody would tell me how the men in this country from 55 to 75 years of age are going to produce more foodstuffs than they have been doing. I do not like that language calling for increased production to be carried by those in the over-age group, because I know something about factory work, too.

Mr. JONES I think the gentleman is to be commended for his work. Many others are helping in a similar way. I think in fairness to General Hershey, however, we ought to put in the record at this point his later instructions. I would like to put that in the record in connection with the instructions which we sent out.

The CHAIRMAN. I think that should be in the record.

(The above-mentioned material was later supplied for the record and is as follows:)

NATIONAL HEADQUARTERS, SELECTIVE SERVICE SYSTEM,
Washington, D. C.

By telegram dated January 22, 1945, the Director of Selective Service issued the following instructions to the State directors:

Questions of interpretations of State Director Advice 288 have been brought to my attention by Members of Congress and by others.

The Directive of January 3, 1945, State Director Advice 288, did not change or modify in any manner the Tydings amendment. The opinions and findings contained in State Director Advice 288 were for the consideration of the local boards in determining the classifications of registrants in the age group 18 through 25.

Section 5-K of the Selective Training and Service Act known as the Tydings amendment places upon each local board the responsibility to determine, subject to appeal, in the case of the individual registrant whether or not the registrant meets the requirements prescribed by this section.

Notify all local boards immediately.

HERSHEY.

WAR FOOD ADMINISTRATION,
Washington, January 22, 1945.

MEMORANDUM

To: E. R. Duke, Chairman, National United States Department of Agriculture War Board.

From: Marvin Jones, Administrator.

Subject: Reclassification of agricultural registrants by Selective Service.

Today the Director of Selective Service and I appeared before the House Committee on Agriculture regarding the examination and reclassification of agricultural registrants between the ages of 18 and 26 years and the effect of this action on food production. A great many questions were raised concerning State Director Advice No. 288 which was issued by the Director of Selective Service on January 3, 1945. Several members of the committee pointed out

that many local selective-service boards had apparently misinterpreted the directive and were under the impression that all agricultural registrants in the age group referred to were to be inducted into the armed services without regard to the Tydings amendment.

In response to questions from the committee, I outlined the serious manpower problems which agriculture faces this year, and stated that many of the agricultural registrants involved were skilled keymen who could not be replaced. I have always insisted that the provisions of the Tydings amendment must be observed, but I also maintained that we did not want the law used as a smoke screen and believe that it is proper for the local boards to carefully screen those deferred under the amendment to see that they are clearly within the terms of the law.

After the hearing, General Hershey agreed to and did send out a telegram to all State directors of selective service for the purpose of clarifying his directive of January 3, 1945. I am attaching a copy of this telegram and request that you immediately make a copy of it available to all State war board chairmen so that they may in turn notify each county United States Department of Agriculture war board.

While the administration of the Selective Training and Service Act is a matter within the jurisdiction of the Selective Service System, I am asking that employees of the War Food Administration assist in every possible way to see that the provisions of the Tydings amendment are properly observed and applied. You should therefore instruct country war boards to furnish full information to all local selective-service boards regarding each agricultural registrant, and to present each case, fully developed, to such local boards in accordance with existing procedure.

MARVIN JONES, *Administrator.*

DEPARTMENT OF AGRICULTURE,
WAR FOOD ADMINISTRATION, WAR BOARD,
Washington, D. C.

WAR BOARD MEMORANDUM 474

January 23, 1945.

To: State War Board Chairman.

From: E. R. Duke, Chairman, National United States Department of Agriculture War Board.

Subject: Reclassification of Agricultural Registrants by Selective Service.

In order to clarify interpretations placed upon State Directors Advice No. 288, issued by the Director of the Selective Service System on January 3, 1945, which dealt with the examination and reclassification of all registrants in agriculture between the ages of 18 to 26 years, General Hershey sent the following telegram to all State directors of selective service on January 22:

"Questions of interpretation of State Directors Advice No. 288 have been brought to my attention by Members of Congress and by others.

"The directive of January 3, 1945, State Directors Advice No. 288 did not change or modify in any manner the Tydings amendment. The opinions and findings contained in State Directors Advice No. 288 were for the consideration of the local boards in determining the classification of registrants in the age group 18 through 25.

"Section 5-K of the Selective Training and Service Act, known as the Tydings amendment, places upon each local board the responsibility to determine, subject to appeal, in the case of the individual registrant whether or not the registrant meets the requirements prescribed by this section.

"Notify all local boards immediately."

County war boards should continue to furnish full information to selective-service boards with respect to all agricultural registrants and to present each case, fully developed, in line with existing procedures to selective-service boards for their consideration.

E. R. DUKE.

Mr. CRAWFORD. When the armed forces call on him for these men he has to get them, if he can. I do not see any protection for food production other than these two Halls of Congress. I do not want to see our food production go down. You cannot appeal to a hungry stomach from a patriotic standpoint. The Army and the Navy say,

"Give us foodstuffs to prevent revolution in the liberated countries." Let the people here get hungry and see how long it takes to get a revolution started in this country.

Mr. JONES. I am making every effort I can to secure production.

Mr. CRAWFORD. I am sure you are.

Mr. JONES. And I think the response on the part of the farmers and those who have worked on the farms and ranches is magnificent.

Mr. CRAWFORD. Mr. Jones, are you agreeable to the proposed new section of H. R. 1450?

Mr. JONES. I think that we can operate under that all right. The categories are all right. I would have preferred not to have our exemptions from the operations in that first part limited to June 30, 1946, but that gets us over the period, and rather than have an argument I let that go in.

I am not quite sure, and our attorneys are not sure whether this inhibition which is in the act passed on subsidies which keep us from having support prices, is a good thing. We are rather inclined to think that we can go ahead with the support prices. I am talking about the normal support prices. That is what I had in mind yesterday for continuance. I think the support price is a continuing proposition which is desirable. I want to make clear that that work can continue, and we are rather inclined to think it can. We did not ultimately have in our suggestion that limitation for the fiscal year ending June 30, 1946, and I would prefer that it not be in there, but we were able to get some agreement in the Senate; therefore, we made no protest on the form of this amendment. They worked it out pretty generously with us, and I think we can function under that and do all the things that we have to do and continue our present program.

Mr. GAMBLE. May I ask your counsel one question: This copy that we have of the Senate amendment, in the third line from the bottom says, "no additional obligation is provided for in this sentence." I think that should be "section."

Mr. JONES. No. That was put in for the purpose of making it apply only to the subsidy operations that are operated in connection with price so that it would not limit us in our normal support price operations. That was deliberately placed in there.

Mr. GAMBLE. That is all right. There was a new section number, and I just wondered.

Mr. JONES. This was deliberately placed in there so this limitation and final prohibition would apply only to activities engaged in for the purpose of holding the price line.

I want to say in that connection, with this limitation that is placed there, all these subsidies will end, these subsidies connected with price, on December 31, 1945, unless hostilities are still continuing, in which event it will be continued on a proportionate basis until such time as those hostilities are ended. When that time comes there is going to be a problem in the immediately following period as to whether or not there is an adjustment in price to make up for this ending of this subsidy plan. When that time comes, I think that it will probably be necessary to have an amendment in the price, or continuance of some provision for making it up to the farmers in income for whatever period that particular price line is held. I do not know whether I make myself

clear to the committee or not, but you can see what that problem would be. This would permit us to have these price-line subsidies continued for the period of hostilities. It will be a problem right in there when that time comes, and it may be that we had better wait until that time. I do not know. That is in the wisdom of the committee. For the period of hostilities this will enable us to carry on our present programs, and the categories were fair enough so that we can continue and get the production for that period. We put that sentence provision in deliberately so that it would not interfere with the continuation of support price commitments on the basis of that obligation which the Congress placed on us.

Mr. SMITH. Mr. Chairman, I would like to have this situation clarified so that the people of this country will know where we are. I think it is very important. I get, from my farmers, letters indicating that they blame the local draft boards for failing to carry out the provisions of the Tydings amendment, or what they believe the Tydings amendment is and what they have been led to believe the Tydings amendment actually provides.

As this discussion proceeded here, I have come to the conclusion that the local draft boards are not to blame for any of these inductions which the farmers think are wrong, but that this reverts back to General Hershey entirely. These local draft boards are given their quotas to fill.

My point is, let us relieve these draft boards of the blame for something which rests here in Washington. I am not saying that General Hershey is wrong; do not misunderstand me; but I do say that these local draft boards should be presented in the proper light. I do not think, from the discussion that has proceeded here, the local draft boards are responsible in any way, shape, or form, for failing to carry out the Tydings amendment. Is that correct?

Mr. JONES. I am glad you made that point. They do have a hard assignment and probably get blamed sometimes when it is not justified. However, I do not think we can do anything from our viewpoint other than what we have done.

Mr. SMITH. Of course; I did not mean that, Mr. Jones.

Mr. JONES. I agree with the gentleman that they get blamed lots of times.

Mr. SMITH. I do think that this situation ought to be clarified and we ought to stop dilly-dallying about it and tell the people in the country frankly that this is a demand from Washington, and that the Tydings amendment has simply gone by the board.

Mr. BROWN. It is my understanding that General Hershey has written all of the local draft boards interpreting the Tydings amendment. I think the local boards have done a good job with it.

Mr. SMITH. So far as the Tydings amendment is concerned, it is all-permissive. There is no fast rule to go by. I have always looked upon the Tydings amendment as a sort of sop to the farmers, frankly speaking. And that is what it has turned out to be. I think we ought to be honest with the people about these things.

Mr. PATMAN. How can you say it is a sop to the farmer, when you yourself claim that it is not being carried out?

Mr. SMITH. Well, Mr. Patman, I believe they have been made to think it has been carried out.

Mr. BALDWIN. If it had not been for the Tydings amendment, a lot more of the farm boys would be in the Army than are in the Army today. I would like to make this observation, that in a great many of the farm sections even the draft boards are not composed mostly of farmers. They are professional men from the community who have the time to devote to that work. A great many of them do not know the practical aspects of farming, and lots of times injustices are being done by those boards; I think that is true. In some cases their own sons have been drafted, and they had no excuse for them not to be drafted, and they may take the attitude that farmers' sons should go, too.

Mr. SMITH. I think that was the consideration for the amendment. I want to be fair about it. It could not have been written specifically to provide for exemptions. I can understand that.

Mr. PATMAN. It would be wrong arbitrarily to exempt them.

The CHAIRMAN. Are there any further interrogations of Judge Jones?

Mr. SMITH. Mr. Chairman, I wanted to ask one question about this \$2,000,000,000 figure which I believe the Senate has reduced to 1½ billion dollars. What about that, Mr. Jones?

Mr. JONES. We preferred the \$2,000,000,000 because we felt, from the psychology of the situation, it was better to have an assurance, with this commitment lasting for 2 years, that we would have the full amount; that is, it would be desirable from every standpoint. The Senate committee took action cutting it to \$1,500,000,000. I think it is probable that that will be sufficient for the period intended. If it is not we can come back and ask for additional authority. I should have preferred that it be \$2,000,000,000. But I do not think we would be severely handicapped at this figure, if that proves to be the wisdom of the committee. The Congress made the commitment, however, for this period, and I believe that as a matter of Congress giving assurance to the farmer that we intend to complete these commitments it would be better to give the full authority. However, that is a matter that we will leave with the committee.

That does not increase our price-line subsidy funds. It simply makes for additional authority so that we can carry out the commitments in an orderly way. I would prefer that it be done that way. However, I do not think that is a life-or-death proposition.

Mr. Chairman, if the committee has finished with me we have Mr. Farrington here, who handles the programs in connection with basic commodities; and Colonel Olmstead who handles the nonbasics and who handles purchase of supplies for lend-lease. If the committee wants to go into the details of those programs I shall be glad to have them appear.

Mr. BALDWIN. Mr. Chairman, before Judge Jones leaves may I ask just one question? It is on the problem of the support price. I am sorry I was not here at the first meeting, but I am interested in the support price on perishable farm products, which I know is a very difficult problem to solve, a difficult job to administer. What success did you have with it last year?

Mr. JONES. I think, everything considered, we had remarkable success in handling the support-price problem. We had some difficulties, of course, when we were handling commodities that were perishable.

Mr. BALDWIN. I realize that you cannot store those commodities. It is a case of not knowing what to do with them. But I wanted to impress upon you the fact that a vegetable grower, growing vegetables for canning purposes or for market purposes, which is very important to food production and is an essential product, is handling a product that is just as necessary as that of the wheat farmer or the cotton farmer. And he is being urged to increase his production. That is being done all over the country, in order that we may have an ample supply of food.

Mr. JONES. Yes.

Mr. BALDWIN. In an abnormally good season, he has a production that he cannot market. I know it is difficult for the Commodity Credit Corporation to do anything with it. But do you not think that farmer is in the same position, and deserves as much consideration, as the fellow who is producing something that can be stored?

Mr. JONES. Of course, that is a difficult problem to handle practically, but we did, by making contracts with the canners, on condition that they pay not less than a certain price; we were able to do something with that, and in some instances went even beyond our support-price commitments, when the situation was pretty bad, and made purchases. But that is a very difficult thing to handle.

Mr. BALDWIN. I know it is.

Mr. JONES. And we handled it largely through contracts with the canners. The obligations to them were paid only on condition of their showing that they paid certain prices to the farmers.

You cannot make those things work perfectly, but I think we accomplished some good ends in that way.

Mr. BALDWIN. It is important from the food-production standpoint.

Mr. JONES. Yes, sir.

Mr. BALDWIN. I know many truck farmers who have lost considerable money last year and who now do not know whether to produce this year or not, because they do not know what the price is going to be.

Mr. JONES. I hope that they will go ahead and produce, if possible.

Mr. BALDWIN. I merely wanted to impress upon you the importance of this to them, as it is to the wheat farmer.

Mr. JONES. I know it is, and we try to handle these things as best we can, under some very difficult circumstances.

The CHAIRMAN. If there are no further questions of Judge Jones, we thank you, Judge, for your very fine and comprehensive statement. It is always a pleasure to have you come here and give us the benefit of your experience.

Mr. JONES. Thank you, Mr. Chairman and gentlemen.

The CHAIRMAN. We will hear Mr. Farrington, then, at 2 o'clock.

(Whereupon, a recess was taken until 2 p. m.)

(The following was submitted for the record:)

STATEMENT OF FRANK HANCOCK, PRESIDENT OF COMMODITY CREDIT CORPORATION,
BEFORE THE HOUSE BANKING AND CURRENCY COMMITTEE ON H. R. 1450

Mr. Chairman and gentlemen of the committee, I took office as President of the Commodity Credit Corporation on January 1, 1945. As you may well imagine, I have hardly begun in this short period to see more than the surface of the operations of this Corporation which has been working for more than 11 years to stabilize agricultural prices and improve the income of farmers. The Corporation, as many of you know, was established in 1933 under the authority of

the National Industrial Recovery Act. I was a Member of Congress at that time, and I voted for this and the other acts which were then enacted to stem the tides of depression in our agricultural and industrial economy.

The Commodity Credit Corporation has come, however, a long way. As I have followed its activities through the years, I am confident that through its able management it has been a vital force, not only in improving the economic condition of our farmers but in stimulating the great wartime increase we have had in our food production.

It all seems fairly simple when we read in the press that the Corporation has lent farmers the money on so many bales of cotton or so many bushels of wheat, or that it has bought so many pounds of tobacco. But behind the operations such as these is an organization whose activities affect in one way or another the financial welfare of all of our farm people. These operations have to do also with all of the commercial agencies interested in the various processes of transforming raw agricultural products into the finished goods of civilian and military consumption.

During the past year the Corporation's operations totaled more than \$5,000,-000,000 of loans and purchases in a price-support program embracing more than 50 farm commodities, and constituting 75 percent of the farmers' cash income. Also, during the war to date its loans and purchases have totaled more than \$10,000,000,000. The measure of the worth of these activities is not so much in money as it is in terms of increased farm production during the war period. Even though there are fewer workers on the farms than at the beginning of the war, the farmers have been producing fully a third more of agricultural commodities than they produced during the 5 pre-war years 1935-39. About 25 percent of the total wartime volume of food has been going to the Military Establishment and for lend-lease to our allies. The remainder for civilians at home adds up to more than the pre-war volume of consumption.

Few would have thought it possible 5 years ago for our farmers to achieve so large an increase in our agricultural production. Notable have been the great increases in the production of vegetable oil crops in the Midwest, the Northwest, and the South; the great Nation-wide expansion in the production of meats, milk, and eggs; and the increases in production of dry beans, fresh and processed vegetables and other foods. To farmers working without stint in cooperation with our Government agencies these splendid achievements are due.

Before the war the Commodity Credit Corporation operations consisted principally of making loans on wheat, cotton, corn, tobacco, and other basic commodities, and on a few nonbasic commodities. These lending operations, of course, involved transporting, storing, and servicing such commodities, and—as events subsequently proved—accumulating the reserves of feed grains and other commodities which helped to make possible the wartime increase in our food production. Then, after we got into the war, the Corporation, pursuant to a mandate from Congress, extended its price supports to include loan, purchase, and other operations with respect to a large number of nonbasic commodities. This helped further to make possible the wartime expansion in our agricultural production by guaranteeing farmers a fair monetary return for their efforts. By this action Congress gave tangible evidence of its belief that farmers are entitled to the same kind of guaranteed protection as has been given to industry.

Congress wisely led in this course, for in many ways the gains have far exceeded the cost.

The cost, in our judgment, has been relatively small when it is considered in relation to the total cost of the war or even to the total cost of producing food during the war. If Congress had not authorized the agricultural programs, the total cost of the war would have been much greater. The public debt at the end of the war will be less because these programs were undertaken. During the past 2 years about 40 percent of all the goods produced in the United States have been for war purposes. Governmental agencies pay for these war goods. The production of food at reasonably stable prices has made for low costs for other commodities. Increased costs might easily have been several times the cost of the wartime food programs. Nonfarm groups as well as farm groups have shared in the benefits. Consumers as well as producers have shared in the gains resulting from price stability.

As it is now constituted, the Commodity Credit Corporation finances and administers all of the price support programs of the War Food Administration, including the basic crops, the so-called Steagall commodities, and—to the extent that funds are available—commodities such as wool, naval stores, sugar beets, sugarcane, fruits and vegetables for processing, barley, grain sorghums, rye,

vegetable seeds, and so on. These operations include the making of loans to farmers, the buying of cotton, grains, and other farm products, the procurement of commodities for lend-lease and other Government purposes, transportation and storage of commodities, and the sale of surplus commodities within the limits of congressional authorization. Last year, some of these operations, such as the procurement of food for lend-lease, and the price support programs on many of the Steagall commodities, were administered for the Corporation by the Office of Distribution of the War Food Administration. In January of this year all of these and some other related activities were consolidated within the Commodity Credit Corporation.

This consolidation of activities within the Corporation, ordered by Judge Jones, War Food Administrator, is designed to make for greater efficiency and economy in the operation of the price support and food procurement programs of the War Food Administration, and to insure the soundest use of its credit powers as possible. Besides the loans, purchases, and sales, the present activities of the Corporation include the appraising of supplies of food and other agricultural commodities, and the making of determinations for submission to the War Food Administrator with respect to the allocation of the United States food supply among military, other governmental, and foreign claimants. The Corporation is charged with the administration of war food orders pursuant to title III of the Second War Powers Act of 1942, as amended, relating, among other things, to the importation of food, the assignment of food priorities, the control of refrigeration space, and the allocation of oilseeds.

The Corporation, under the new set-up, is managed by a board of directors of which the War Food Administrator is the chairman. Members of the Board include the president and vice presidents of the Corporation, the Chief of the Agricultural Adjustment Agency, the Director of Price, and the Director of Surplus Property and Reconversion of the War Food Administration. The Solicitor, and the Director of Finance of the Department of Agriculture, serve as legal advisers and finance adviser, respectively, to the board of directors. The president is the chief executive officer of the Corporation and is responsible for the general direction of and control over the administrative and fiscal affairs of the Corporation. Program operations are carried out under the direction of two vice presidents. The principal office of the Corporation is located in Washington, D. C. Field operations dealing primarily in cotton, sugar, wheat, corn, and other grains are carried on through six regional offices. These offices are at Chicago, Minneapolis, New York, Portland (Oreg.), Kansas City (Mo.), and New Orleans.

Price-support programs with respect to the other commodities have been handled in the field through regional offices of the former Office of Distribution located at Atlanta, Dallas, New York, Chicago, and San Francisco, and a number of district offices. All of the price-support activities in the field as well as at Washington are now being consolidated for greater facility and economy. Related activities also are being drawn into single units so far as this may be practicable.

The price-support programs of the Corporation are carried out under the direction of two vice presidents. One has general supervision of the price-support programs on basic commodities—cotton, wheat, corn, tobacco, rice, and peanuts, and also on wool, sugar, hemp, feed grains, and oilseed crops—and the other has general supervision of the price support programs for fruits, vegetables, poultry, and livestock. This latter vice president also is in general charge of the procurement of food to meet governmental requirements, the allocation of food among the various claimants, and the school-lunch and direct-distribution programs.

I wish to recommend the enactment of the bill H. R. 1450 which this committee is now considering.

Section 1 of the bill would increase the borrowing power of Commodity Credit Corporation from three billion to five billion dollars. If the assurances which Congress directed the War Food Administration to give to farmers with respect to agricultural prices are to be effective and if all commitments are to be fulfilled, adequate funds must be available to Commodity Credit Corporation.

Section 2 of the bill would permit nonbasic perishable commodities owned or controlled by Commodity Credit Corporation to be sold below the parity or comparable price in the event the War Food Administrator determined that there is danger of loss or waste through spoilage. In the disposal of perishable commodities the Corporation is directed, insofar as is practicable, to do so in a

manner which will increase the consumption of the commodity and prevent a depression in the farm price.

The desirability of avoiding loss or waste of food through spoilage is quite obvious. It would be a crime not to put to good use every ounce of foodstuffs which our farmers produce.

Section 3 would suspend section 381 (c) of the Agricultural Adjustment Act of 1938 until 2 years after the war. Section 381 (c) limits the quantity of cotton which Commodity Credit Corporation may sell to 300,000 bales in any month and 1,500,00 bales in any year and also prohibits the Corporation from selling cotton for less than the total amount paid out with respect to the cotton. Large stocks of cotton are being acquired by the Corporation under its program for the purchase of cotton at the parity price, and unless the restrictions contained in 381 (c) are removed it is likely, according to my information, that domestic users of cotton will be unable to obtain adequate quantities to satisfy their needs. The period during which 381 (c) would be suspended is the same as that for which the Corporation is directed to make loans on cotton at 92½ percent of parity.

The suspension would not affect the prohibition contained in the Department of Agriculture Appropriation Act against sales of cotton below the parity price.

Section 4 of the bill would make it clear that the antissubsidy provisions of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Act of 1944, are not to apply to operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities. Section 4 also would permit the continued absorption of abnormal costs in connection with the transportation of agricultural commodities and foods. This provision is, I believe, desirable in order to remove any doubt as to the authority of the Corporation to use its funds to support prices and obtain production of agricultural commodities, and to absorb abnormal costs in connection with transportation of such commodities and foods which have resulted from the war emergency.

Section 5 of the bill changes the appraisal date of the assets and liabilities of the Corporation from March 31 of each year to June 30, the close of the fiscal year, thus putting the appraisal, beginning with 1945, on a fiscal year basis.

It also changes the basis of the valuation of the assets to the cost or average market price during the last month of the fiscal year, whichever is lower. The present basis is the average market price for the 12-month period or cost, including not more than 1 year of carrying charges, whichever is less. The proposed new method of appraising the assets would be more practicable and give a more accurate indication of the financial condition of the Corporation at the time of appraisal than the method now used.

Section 6 of the bill would continue the life of Commodity Credit Corporation as an agency of the United States until June 30, 1947. The extension of the Corporation's life for at least a 2-year period is, I believe, essential.

Mr. Farrington, Colonel Olmstead, Mr. Rathell, Mr. Maycock, and other officials of the Corporation will go into the various operations of the Corporation and will be glad to discuss with you, in such detail as you may wish, the provisions of the bill.

AFTERNOON SESSION

The recess having expired, the committee reconvened at 2 p. m., Hon. Brent Spence (chairman) presiding.

The CHAIRMAN. The committee will please be in order. We will hear Mr. Farrington at this time.

STATEMENT OF CARL C. FARRINGTON, VICE PRESIDENT, COMMODITY CREDIT CORPORATION

Mr. FARRINGTON. Mr. Chairman and members of the committee, as vice president of the Commodity Credit Corporation, I have general supervision of the price-supporting loan, purchase, and sales programs, on wheat, cotton, corn, tobacco, wool, sugarcane, sugar beets, and raw sugar (including domestic and offshore sugar), peanuts,

feed grains, hemp, gum turpentine, gum rosin, soybeans, flaxseed, and cottonseed. The operations include (1) loans to farmers and farmer cooperative associations at the rates specified by Congress, (2) the purchase of commodities for price-support purposes or to meet Government requirements, (3) the transportation and storage of the commodities listed, (4) and the selling of these commodities in domestic and foreign markets. The price-supporting activities carried out with respect to these and other commodities have been of great assistance to the farmers of this country in their all-out effort to meet the war needs for food and fiber.

With few exceptions, the War Food Administration is asking farmers to plant larger acreages of crops this year than last—to produce the largest possible quantities of food needed by the armed forces and by civilians. The proposed price supports for 1945 in most cases are about the same as they were in 1944, but a larger volume of financing may be necessary in achieving and supporting the prices of the record volume of production that farmers are being asked to turn out this year.

The loans and purchases by the Commodity Credit Corporation totaled \$5,000,000,000 during the 1944 fiscal year.

During the current fiscal year of 1945 the loans to farmers have been running somewhat larger than in 1944, when the total was \$508,000,000; purchases are larger, and sales are correspondingly greater. As of October 31, 1944, the Corporation had loans outstanding amounting to \$631,734,000, and its inventories of owned commodities totaled \$1,399,658,000. During the war period to date the loans and purchases have totaled more than \$10,000,000,000.

I have some brief summaries of the present situation. Mr. Chairman, with respect to the various commodities for which I have responsibility. I would be very glad to read those or submit them for the record.

The CHAIRMAN. You may put them in the record, if you wish.

Mr. BUFFETT. What are your requirements on cotton and wool?

Mr. FARRINGTON. I have a statement on cotton here, which I will be glad to read.

COTTON

The Corporation is operating loan, purchase, and sales programs on cotton this season. The 1944 crop totaled 12,369,000 bales, and the carry-over, in addition, was about 10,600 000 bales, making a total supply of nearly 23,000,000 bales. Domestic mill consumption this season to date has been at an annual rate of about 9,500,000 bales. Exports (principally under lend-lease) may total less than 1,500,000 bales. The carry-over on August 1 next may be as much as 12,000,000 bales. The 1945 goal calls for about the same cotton acreage as the 20,356,000 acres planted in 1944.

The loan rate on 1944-crop cotton averages 20.03 cents per pound gross weight for middling seven-eighths of 1 inch cotton (based on 95 percent of parity) as compared with 18.41 cents per pound last year (based on 90 percent of parity). Through January 20 a total of 1,877,428 bales of 1944-crop cotton had been put under loan. Loan stocks of 1943 and 1944 cotton held by the Corporation on that date totaled 3,516,344 bales. About 1,500,000 bales of 1941 and 1942 cotton

in addition were being held in pools for producers' account. The Corporation is also buying 1944-crop cotton from producers at parity prices. Purchases through January 20 totaled 1,158,814 bales. Stocks (of all crops) owned by the Corporation on January 20 totaled about 3,350,000 bales. Loaned, pooled, and owned stocks of the Corporation as of January 20, 1945, therefore, totaled about 8,300,000 bales.

Under the commercial export program, by which the Corporation has been making cotton available for export at prices 4 cents a pound below prevailing domestic market prices since November 15 last, the registered sales through January 20 totaled 158,579 bales, and sales by the Corporation under the program amounted to 101,366 bales.

Prospective financial requirements, exclusive of export losses, with respect to cotton during the period from November 1, 1944, to December 31, 1945, are estimated at \$331,000,000. This would allow for an increase of about 3,000,000 bales in the loaned, owned, and pooled stocks of the Corporation, over the 6,300,000 bales which were so held as of November 1, 1944, but only about 1,000,000 bales over present holdings. It is assumed that most of the surplus stocks of cotton will be held at all times by the Corporation, and therefore only a small allowance has been made for an increase in the holdings following VE-day. The figure shown is \$30,000,000, which would cover about 300,000 bales. No subsidy program, except the export program, is being carried out on cotton with Commodity Credit Corporation funds at the present time.

MR. BUFFETT. Generally, consumption of cotton goods and wool goods in the country, according to department-store sales, has been fairly strong, has it not?

MR. FARRINGTON. Yes, sir. During the war period we have used substantially more cotton than we ever had before. We normally looked upon cotton consumption in this country as averaging around 7,000,000 bales. In 1941-42 we consumed a little over 11,000,000 bales; last year just under 10,000,000, and this year it is running around 9½ million. So it has been from 25 to 50 percent above normal throughout the war period.

MR. BUFFETT. Our stocks are going to increase as a result of your present buying, and when the war is over or when this period is up, your inventory is going to be quite high; isn't that right?

MR. FARRINGTON. That is correct. The total stock is increasing this year, because we produced about 12.4 million, and it looks as though our consumption and exports may not exceed 11.0; so the total stock in the country is increasing and I expect most of that will be in the stocks of the Commodity Credit Corporation.

MR. BUFFETT. You will pardon me if my questions are sort of elementary, because this subject is new to me.

What plan does the Commodity Credit Corporation have for the eventual disposition of this inventory that is increasing all the time? Or do they have a plan?

MR. FARRINGTON. The Congress authorized recently an export program. In the Surplus Property Act they authorized the Corporation to sell cotton for export at competitive world prices. We have instituted a program pursuant to that authorization.

Of course, thus far, sales under this program have not amounted to a whole lot, because there are only limited commercial outlets for

cotton as of today and there is not shipping to take it away from the country at this time. We have, in the 2 months that that program has been in operation, had sales of around 160,000 bales, which, of course, is much less than our normal export operation. There is that program that Congress has authorized, but it is still a big problem to be solved.

Mr. BUFFETT. I want to find out whether our payments on cotton are for the purpose of accentuating production for critical needs, or whether it is simply a problem of making a parity payment. Which is dominant in this case?

Mr. FARRINGTON. There is an element of both. Obviously one objective is to increase income. On the other hand, although we have large stocks of cotton, it is not at all well distributed as to qualities. For some of the qualities of cotton, particularly the longer staples and the higher grades, we are currently using up about all that we are producing. The short staples and the lower grades have accumulated at a very rapid rate, and we have a real surplus of those qualities.

There is another factor in the picture and that is cottonseed. We need all the cottonseed for war purposes we are now getting.

Mr. BUFFETT. That is all.

Mr. FARRINGTON. I believe you asked a question about wool.

Mr. BUFFETT. That is all I care to ask at this time.

The CHAIRMAN. Have you concluded your statement, Mr. Farrington?

Mr. FARRINGTON. If you wish me to submit the balance of this statement for the record, I shall be very glad to do that, Mr. Chairman. The following are brief summaries of the present situation, program operations, and financial requirements with respect to the commodities for which responsibility has been assigned to the Office of Basic Commodities.

The CHAIRMAN. The statement may be inserted in the record.

(The statement filed by Mr. Farrington is as follows:)

Wheat.—Farmers produced in 1944 a record crop of 1,078,647,000 bushels of wheat, and the carry-over in addition was 315,000,000 bushels. In spite of the record crop price-supporting activities have enabled farmers this year to realize the highest average price and the greatest income from wheat of any year since 1920. Feeding demand for wheat is much smaller this season than last, when some 500,000,000 bushels were fed. The quantity used for industrial alcohol also is likely to be less than the 108,000,000 bushels used for this purpose last season. Exports of wheat and wheat flour may be larger this season, facilitated by the export-sales program authorized by the Surplus Property Act of 1944. The carry-over at the end of the 1944 season on June 30 next is expected to be in the neighborhood of 400,000,000 bushels. Meanwhile the 1945 goal calls for 67,731,000 planted acres as compared with 65,454,000 acres planted last year.

The loan rate was increased to 90 percent of parity (or a national average of \$1.35 a bushel) for the 1944 crop, from 85 percent of parity (averaging nationally \$1.23 a bushel) on the 1943 crop. This year's loan rate of \$1.35 per bushel compares with support prices of about \$1 per bushel to farmers in Canada and 72 cents per bushel to farmers in Argentina. The quantity going under loan this season as reported through January 20 totaled 181,000,000 bushels as compared with 128,300,000 bushels during the same period last year. A feature of the wheat-price support program for the 1944 crop is an offer to pay farmers parity prices less handling charges, for all 1944-crop wheat which has not been redeemed by farmers by the end of the season. This offer was made, pursuant to the provisions of section 201(b) of the Stabilization Extension Act of 1944.

Since Pearl Harbor the Corporation has sold more than 900,000,000 bushels of wheat, at first drawing upon its own stocks accumulated prior to the war, and then buying wheat in the United States and in Canada. The purchases since

July 1, 1943, have totaled about 325,000,000 bushels. Of the 900,000,000 bushels which have been sold more than 700,000,000 bushels have been sold for livestock feed and the remainder to distillers for the production of industrial alcohol used in the manufacture of rubber, to the Military Establishment, and for domestic and foreign food uses. The loss on the sale of feed wheat to our livestock producers has averaged about 35 cents a bushel and has totaled approximately \$250,000,000. This program accounts for nearly one-fourth of all the losses and subsidy payments by the Corporation on all commodities so far during the war period, but the use of wheat for feed has helped in stabilizing feed prices and has been an important factor in getting the large increase in the production of livestock and livestock products necessary to meet military, civilian, and lend-lease requirements during the war period. The contribution of the feed wheat to the livestock-production program can hardly be overestimated. During part of 1943 and 1944 many feeders and feed mixers depended largely upon wheat for use as a feed grain. Had they not been able to get feed wheat there would have been a much more rapid and a wasteful liquidation of livestock on many farms. Sales of feed wheat have been sharply reduced this season, totaling 103,000,000 bushels during the first 6 months of the current fiscal year. Feed wheat sales totaled 334,000,000 bushels during the 1944 fiscal year and 275,000,000 bushels during the 1943 fiscal year.

The Corporation as of January 13, 1945, owned about 85,000,000 bushels of wheat. Loan stocks as of the same date totaled 174,000,000 bushels. Sales are currently being made to livestock feeders, to the Army and the Foreign Economic Administration for shipment abroad, and some high protein wheat is being sold to domestic flour mills.

The Surplus Property Act of 1944 authorized Commodity Credit Corporation to export or cause to be exported surplus agricultural commodities at competitive world price. Sales of wheat and wheat flour under this authorization totaled the equivalent of 6,677,900 bushels of wheat from November 15, 1944, when the program was inaugurated through January 26, 1945. The bulk of the export has been in the form of wheat flour.

Prospective financial requirements, exclusive of export losses, with respect to wheat for the period ending December 31, 1945, are estimated at \$371,000,000. This includes estimated losses of \$71,000,000 on feed wheat sales during the 14-month period from November 1, 1944, to December 31, 1945, and \$300,000,000 to cover an estimated increase of approximately 200,000,000 bushels in the owned and loan stocks of the Corporation. These loan and owned stocks on October 31, 1944, totaled 263,000,000 bushels. It is assumed that following VE-day an additional amount totaling \$175,000,000 might be required to cover a further increase in the loan and owned stocks of approximately 125,000,000 bushels.

Cotton.—The Corporation is operating loan, purchase, and sales programs on cotton this season. The 1944 crop totaled 12,360,000 bales, and the carry-over in addition was about 10,600,000 bales, making a total supply of nearly 23,000,000 bales. Domestic mill consumption this season to date has been at an annual rate of about 9,500,000 bales. Exports—principally under lend-lease—may total less than 1,500,000 bales. The carry-over on August 1 next may be as much as 12,000,000 bales. The 1945 goal calls for about the same cotton acreage as the 20,356,000 acres planted in 1944.

The loan rate on 1944-crop cotton averages 20.03 cents per pound gross weight for Middling 7/8-inch cotton (based on 95 percent of parity) as compared with 18.41 cents per pound last year (based on 90 percent of parity). Through January 20 a total of 1,877,428 bales of 1944-crop cotton had been put under loan. Loan stocks of 1943 and 1944 cotton held by the Corporation on that date totaled 3,516,344 bales. About 1,500,000 bales of 1941 and 1942 cotton in addition were being held in pools for producers' account. The Corporation is also buying 1944-crop cotton from producers at parity prices. Purchases through January 20 totaled 1,158,814 bales. Stocks (of all crops) owned by the Corporation on January 20 totaled about 3,350,000 bales. Loan, pooled, and owned stocks of the Corporation as of January 20, 1945, therefore, totaled about 8,300,000 bales.

Under the commercial export program by which the Corporation has been making cotton available for export at prices 4 cents a pound below prevailing domestic market prices since November 15 last, the registered sales through January 20 totaled 158,579 bales, and sales by the Corporation under the program amounted to 101,366 bales.

Prospective financial requirements, exclusive of export losses, with respect to cotton during the period from November 1, 1944, to December 31, 1945, are

estimated at \$331,000,000. This would allow for an increase of about 3,000,000 bales in the loaned, owned, and pooled stocks of the Corporation over the 6,300,000 bales which were so held as of November 1, 1944, but only about 1,000,000 bales over present holdings. It is assumed that most of the surplus stocks of cotton will be held at all times by the Corporation, and therefore only a small allowance has been made for an increase in the holdings following VE-day. The figure shown is \$30,000,000 which would cover about 300,000 bales. No subsidy program, except the export program, is being carried out on cotton with Commodity Credit Corporation funds at the present time.

Corn.—Farmers produced a record crop of corn in 1944—3,228,361,000 bushels. The carry-over in addition was 218,000,000 bushels. Feeding demand for corn is somewhat smaller this season than last, with the result that larger quantities are being put under Government loan. The carry-over at the end of the season is expected to be substantially larger than on October 1, 1944. The loan rate on 1944 crop is 90 percent of parity (averaging nationally 98 cents a bushel), having been increased from 85 percent of parity (averaging 89 cents a bushel) last season. Through January 6 about 1,500,000 bushels had been put under loan. The 1945 crop goal calls for a small increase in corn acreage above the 98,722,000 acres planted last year.

The War Food Administration announced on January 9 an offer to buy 50,000,000 bushels from farmers, the corn to be held in farm cribs and delivered to the Corporation during the summer months at applicable ceiling prices for corn grading No. 3 or better, and at market prices for corn grading below No. 3. This stock pile is being set up as an emergency reserve against future needs. The corn is being bought in areas where there is a surplus above local needs; principally from farmers who marketed corn last season in response to a War Food Administration request for increased marketings to meet the needs of processors supplying corn products to essential war industries.

Prospective financial requirements with respect to corn during the period November 1, 1944, to December 31, 1945, are estimated at \$55,500,000 which would provide for an increase of approximately 50,000,000 bushels in the owned and loaned stocks of the Corporation. It is assumed that an additional \$75,000,000 might be required following VE-day to cover further inventory accumulations. Although a number of small subsidy programs have been carried out during the war period, no subsidy programs are in effect on corn at the present time.

Tobacco.—Farmers produced a near-record crop of 1,835,371,000 pounds of tobacco in 1944. Of this total, the yield of cigarette types—flue-cured, Burley, and Southern Maryland—was a record 1,603,726,000 pounds. The goals for 1945 call for a further increase in planted acreage of all types. The Corporation offers loans at 90 percent of parity on Burley, fire-cured, and dark air-cured tobacco, and it is buying (at market prices) flue-cured, fire-cured, and dark air-cured tobacco for Lend-Lease and cash sale abroad. About one-third of the Commodity Credit Corporation purchases are furnished foreign governments under lend-lease to satisfy their military requirements, and two-thirds are sold to them for cash to be used in supplying civilian requirements.

This season through January 13, 1945, the purchase of flue-cured tobacco totaled 336,500,000 pounds at an average price of about 43½ cents per pound. These purchases equaled 28.9 percent of farmers' gross sales on flue-cured markets. Stock owned by the Corporation on January 1 totaled approximately 256,300,000 pounds net packed weight of flue-cured, 900,000 pounds net packed weight of fire-cured, 300,000 pounds of dark air-cured, and 12,000,000 pounds of burley tobacco. Loans outstanding on that date consisted of 2,600,000 pounds of fire-cured tobacco.

Estimated financial requirements with respect to tobacco for the period November 1, 1944, to December 31, 1945, are \$86,500,000 which would provide for an increase of approximately 200,000,000 pounds in the owned and loan stocks of the Corporation. No subsidy programs are in effect with respect to tobacco at the present time.

Wool.—During the last 2 years, the Corporation has been supporting the prices of domestic wool so as to maintain production at the highest possible level for military and civilian needs, and to protect our producers against the pressure of foreign wool which had been acquired early in the war when it appeared that imports might be reduced. The wool is bought from growers and secondary handlers on the basis of official appraisal by a committee of experienced wool men, and from which the seller has the right of appeal if dissatisfied with the value placed on his wool. The price paid the producer is the ceiling value established by Office of Price Administration for the particular grade, type, and quality of

wool, less specified transportation and marketing charges. All wool acquired in connection with the program is offered for sale at its appraised value to manufacturers for war and civilian use.

The program is operated through agreements with established wool dealers and cooperative associations designated as handlers to purchase, store, handle, and sell wool for the account of the Corporation. Wool pulleries acting in a similar capacity also sell their production of wool to the Corporation. Country merchants or local buyers designated as secondary handlers buy small lots of wool for cash, with the requirement that such wool be accumulated and delivered to primary handlers for resale to the Corporation. The mark-up on these purchases is limited to the rates customarily prevailing for the handling of wool on a consignment basis.

From the beginning of the program through December 31, 1944, the Corporation bought 577,094,650 pounds of wool under this program. Sales during this period totaled 279,180,872 pounds, and the stocks remaining on December 31 totaled 297,913,778 pounds. As of that date, the sales equaled 48 percent of the total purchases. Sales of 1943 wool approximated 55 percent of the purchases, and sales of 1944 wool were about 42 percent of the purchases. It is expected that the Corporation will buy about 350,000,000 pounds of 1945 wool during the current year.

Financial requirements with respect to wool for the period from November 1, 1944, to December 31, 1945, are estimated at \$87,000,000, which would provide for an increase in the owned stocks of the Corporation from about 300,000,000 pounds to 500,000,000 pounds. Provision has also been made for the accumulation of substantial additional stocks of wool following VE-day. Most of the current sales of domestic wool are for use on Army contracts, and the Corporation is obligated to take back any of such wool in event of cancellation of Army contracts. The return of this wool, and the reduction of military purchases, together with continuation of domestic and import prices at their present levels, may cause large additional stocks of wool to be acquired by the Corporation, and provision has been made for \$160,000,000 to cover such a contingency.

Sugar.—Prior to the war we obtained approximately 32 percent of our sugar from continental United States, 13 percent from the Philippines, 12 percent from Hawaii, 12 percent from Puerto Rico, and 31 percent from Cuba. The outbreak of the war affected our sugar supplies in two important ways: First, the supply from the Philippines was cut off and the supply from Puerto Rico and Hawaii was slightly reduced. Second, we had increased costs of production but because of the conditions under which sugar is produced in the different areas, the increased costs were not uniform. The impact of the increased costs was greater for sugar beets than for sugarcane. Because of this sugar-beet growers in 1943 were assured returns of \$1.50 per ton above the returns in 1942. Despite this increase, sugar beet production declined in 1943 and a guaranty of \$3 per ton above the prices in 1942 was made for 1944. A similar guaranty is proposed for 1945, subject to necessary funds being available.

Because of the different conditions under which sugarcane is produced the guaranty to continental sugarcane growers was somewhat less than that for beet growers. In view of still different conditions prevailing in Puerto Rico and Hawaii the guaranties for sugar producers in these areas were less than that for sugarcane producers on the mainland. But in each area an attempt has been made to meet the problem confronting the producers in that area. The 1944 Puerto Rico crop was purchased at \$3.46 per 100 pounds, f. o. b. Puerto Rico, and in addition Puerto Rican growers received a support payment of 20 cents per hundredweight of raw sugar. For 1945 Puerto Rican producers are being offered the same price, plus 40 cents per hundredweight as an incentive to maintain or increase production of sugar in Puerto Rico. Similar support payments have been offered to Hawaiian producers in 1944 and 1945.

The 1944 crop of Cuban sugar was one of the largest on record, totaling 5,632,017 short tons raw value. All of this sugar was bought by the Corporation with the exception of 255,000 tons for Cuban consumption and 901,000 tons produced in the form of high-test molasses and purchased by the Defense Supplies Corporation.

Negotiations have been under way during the last several months for the purchase of 1945 and 1946 Cuban crops. During 1942, 1943, and 1944 the price paid for Cuban sugar was 2.65 cents per pound raw value, f. o. b. point of shipment. The Corporation is offering 3 cents per pound for the 1945 and 1946 sugar crops.

All the price-support programs have been carried out through contracts with processors, under which they paid the growers the increased prices and were later reimbursed by Commodity Credit Corporation. These support-price payments and the purchase of the crops from offshore areas have made for more effective use of transportation facilities, improved distribution, and stabilized prices. In this connection, it is interesting to note that the price of sugar to consumers has been stabilized during the war period at an average of 7 cents per pound—in contrast to 10 cents a pound during World War I, and the price of 27 cents per pound to which sugar soared following World War I.

The 1944 year-end stocks of sugar in the United States totaled about 1,156,000 short tons, raw value—about 717,000 tons lower than a year earlier. Distribution increased by 763,000 tons in 1944 as indicated by a preliminary total of around 7,100,000 tons for 1944 against 6,337,000 in 1943.

Subsidy payments and losses in connection with the 1945 crop program operations, excluding Cuban sugar, are estimated at \$54,100,000, as compared with \$36,700,000 for the 1944 crop. For the 14-month period from November 1, 1944, through December 31, 1945, financial requirements with respect to sugar are estimated at \$63,000,000 most of which is needed for the subsidy payments and losses, only minor changes in inventory being involved.

Oilseeds.—Before the war we imported from 10 to 15 percent of our total fats and oil requirements with a substantial part of these imports coming from the Far East. With the outbreak of war these imports were largely cut off and it became necessary for us to make available substantial quantities of fats and oils for our allies. This shift from an import to an export basis made necessary an increase of more than 2,000,000,000 pounds in the production of fats and oils in the United States. A substantial part of this increase has been provided through the increase in the production of vegetable oils in this country. In order to get this increased production, price supports were announced providing for substantial increases in prices to producers of soybeans, peanuts, and flaxseed.

Soybeans.—Production of soybeans during each of the last 3 years (1942, 1943, and 1944) has totaled almost 200,000,000 bushels, which is approximately $3\frac{1}{2}$ times the 1935–39 average production.

The support price for 1944-crop soybeans is \$2.04 per bushel for green or yellow grading No. 2 or better, with a 14-percent moisture content. Premiums are provided for lower moisture content, and discounts are provided for lower grades. This support price compares with an average farm price of 95 cents per bushel during the 5-year period 1935–39, inclusive.

Loans at the support price level are available to producers and, where necessary to provide a market. Commodity Credit Corporation purchases soybeans direct from producers, through local committees of the Agricultural Adjustment Agency, or from elevator operators who have paid not less than the support price of producers. The major part of the price-supporting operations, however, is carried out through contracts with processors. These contracts provide among other things that the processor shall pay producers not less than the specified support prices, or purchase soybeans only from persons who have in turn paid producers not less than the support price. The soybeans purchased by processors are in turn sold to Commodity Credit Corporation at the support price level and then repurchased by the processors at prices based on the oil and meal out-turn value of the soybeans, taking into consideration the processor's equipment and the oil content of the soybeans as determined by chemical analysis, less a specified margin applicable to the processor's equipment and daily production capacity. It is expected that about 140,000,000 bushels of 1944-crop soybeans will be crushed, involving losses to Commodity Credit Corporation varying from 15 to 40 cents per bushel and averaging around 30 cents per bushel. Total losses in connection with the 1944 soybean crop are expected to be about \$42,000,000.

The soybean-production goal for 1945 calls for about the same acreage as in 1944, and it is proposed that prices be supported at the same level and in the same manner as for the 1944 crop.

Peanuts.—Farmers picked and threshed this season a near-record crop of more than 1,000,000 tons of peanuts. This quantity is about double the pre-war production. Production has been increased greatly during the last 3 years in response to price support programs which assure farmers a fair return for their total crop. In developing the program for peanuts it was necessary to take into consideration three different types of uses of peanuts, with ceiling prices for each type of use reflecting different prices to producers. In order to meet this situation, Commodity Credit Corporation has through contracts with shellers, crushers,

seed dealers, and producer-cooperative associations purchased the entire crop offered for sale by producers in 1943 and 1944. Prices to growers have been supported at a uniform level regardless of the use to be made of the peanuts. In reselling the peanuts, the Corporation has varied the price with the use to be made of such peanuts. The average support price in 1944 was approximately \$160 per ton to producers. In reselling these peanuts, however, the Corporation is realizing an average of about \$90 per ton for peanuts sold for the production of oil, about \$110 to \$115 per ton for peanuts to be used in peanut butter, and about \$170 to \$175 per ton for peanuts to be used for other edible purposes. In order to facilitate administration of the program, the manufacturers of peanut butter pay the same price for peanuts as is paid for shelled peanuts going into other edible uses, and a refund or subsidy is paid these manufacturers to equalize the difference in the level of ceiling prices for peanut butter and the ceiling prices for other shelled-peanut products. Total losses in connection with the 1944 peanut program, including the peanut butter payments are expected to be about \$12,030,000.

Flaxseed.—During the 5 pre-war years 1935–39 the harvested area of flaxseed averaged less than 1,500,000 acres, and the production averaged a little more than 11,000,000 bushels. Both acreage and production have been stepped up sharply during the war, but the best year was in 1943 when more than 5,800,000 acres were harvested and the production totaled about 52,000,000 bushels, or nearly 5 times the pre-war total. Last year, both acreage and production were sharply reduced. This year, the goal calls for the planting of 5,000,000 acres.

The price support on 1944-crop flaxseed is based upon \$2.95 per bushel for No. 1 flaxseed at Minneapolis, Chicago, and Portland. The proposed support for 1945-crop flaxseed is \$3 a bushel. Other inducements to farmers to increase the production of flaxseed this season include the payments recently authorized by Congress and which are being administered by the Agricultural Adjustment Agency, as well as the insuring of the crop against natural hazards by the Federal Crop Insurance Corporation.

The Corporation is also supporting prices of 1944 cottonseed to yield growers an average of about \$53 a ton. This cottonseed program is administered through offers to processors to support prices of cotton linters at ceiling prices, of cottonseed oil at one-eighth cent a pound under ceiling price, and of cottonseed cake and meal at specified prices.

For the period from November 1, 1944, to December 31, 1945, financial requirements with respect to oilseeds and oilseed products are estimated at \$295,100,000. Of this amount it is estimated that approximately \$70,000,000 will be required for subsidy payments and losses for the purpose of maintaining price ceilings. The remainder represents estimated inventory increases including about 8,000,000 bushels of flaxseed at \$3 per bushel, 50,000,000 bushels of soybeans at \$2.10 per bushel, 400,000,000 pounds of oil at 12½ cents per pound, 250,000 tons of peanuts at \$160 per ton, and 200,000 bales of cotton linters at \$25 per bale.

Hemp.—Prior to the war we imported most of the coarse fiber used in making cable, cordage, and similar products. A large part of these imports came from the Philippine Islands and the Far East. With the cutting off of these supplies and the submarine threat to other supplies it seemed advisable to undertake to produce these coarse fibers in continental United States.

Hemp production had been a thriving industry in this country in the eighteenth century, but by the end of the nineteenth the domestic hemp had been crowded from the domestic market by foreign fibers—by jute from India, manila hemp from the Philippine Islands, sisal from the Dutch East Indies, and henequin from Mexico. Kentucky continued to produce hemp on a relatively small scale to meet some specialized domestic needs. Wisconsin also has been growing some hemp in recent years and had installed a mechanical process for cleaning and separating hemp fiber.

Under directives from the War Production Board a program was developed for greatly expanding the production of hemp in order to insure adequate military supplies of ropes and cables. First it was necessary to finance the production of hemp seed. Price supports were announced, and about 227,000 bushels of hemp seed were produced in Kentucky in 1942 and about 275,000 bushels in 1943. A program for greatly expanding the production of hemp, largely in the Corn Belt, was undertaken in 1943. In order to process this fiber 41 hemp plants were constructed by the Defense Plant Corporation in the producing areas. The process used in these plants was similar to that which has been developed in the Wisconsin areas. About 150,000 acres of hemp fiber were harvested in 1943 and about 60,000 acres in 1944. Because of the success of the American and

British Navies in meeting the submarine menace and in keeping shipping lanes open, it now appears that adequate supplies of coarse fibers can be obtained from foreign sources. Consequently this program is not being continued in 1945. Most of the fiber produced under this program is being used in the production of rope and eable where it is being substituted for low-cost fibers. Consequently heavy losses are being incurred under this program.

Completion of the 1944 program, during the period ending December 31, 1945, involves an estimated financial requirement of about \$10,000,000.

Barley, rye, and grain sorghums.—Loans are currently being made on barley, rye, and grain sorghums. Heretofore these programs have not required large outlays, and no subsidy programs with respect to these crops are in effect at the present time. In view of the sharp increase in grain sorghum production, however, and the difficulties farmers have had in moving their 1944 crop into marketing channels, it is anticipated that there will be a larger loan program in 1945, and we have included in our estimated requirements approximately \$17,000,000 to cover such program.

Egyptian cotton.—At the direction of the War Production Board substantial quantities of Egyptian cotton have been imported to cover military requirements. These stocks are now being liquidated. For the period from November 1, 1944, to December 31, 1945, liquidations of this inventory, together with the profits thereon, are expected to total \$15,270,000.

Hay, pasture, and cover-crop seeds.—In order to stimulate the production and harvesting of a number of hay, pasture, and cover-crop seeds which have been urgently needed for domestic use and lend-lease requirements, loan, and purchase programs have been put into effect on a large number of such seeds. In view of the good demand for most of these seeds, the loan and purchase programs have not required large financial outlays up to date. Recently, however, there have been some accumulations of certain seeds, particularly Sudan grass and crested wheatgrass. Somewhat larger loan programs are anticipated for these seeds in 1945, and substantial stocks may be accumulated following VE-day. Accordingly, we have included in our estimated financial requirements approximately \$15,000,000 during the period from November 1 to December 31, 1945, and \$13,000,000 following VE-day. No subsidy programs involving Commodity Credit Corporation funds are currently in effect on hay, pasture, and cover-crop seeds.

Gum naval stores.—Loan and purchase programs have been carried out with respect to gum turpentine and gum rosin for a number of years, and before the war large stocks of these commodities were accumulated. Substantial liquidation of these commodities have taken place, however, and it is estimated that during the period November 1, 1944, to December 31, 1945, there will be a further net liquidation of these stocks. Following VE-day, loan stocks of these commodities may again accumulate, and we have included in our requirements \$10,000,000 for such purpose.

Rice.—Although the Corporation is required to make loans available on rice at 90 percent of parity, no rice has been put under loan in recent years, since prices have been well above parity. Production which was stimulated to meet wartime demands is now well above prewar levels and following VE-day we must be prepared to make loans on rice. The amount included for this purpose in our estimated financial requirements is \$30,000,000.

In addition to the above programs, we have carried out a number of wartime and emergency programs including (1) a program for the purpose of obtaining high-grade spruce from Alaska for use in the manufacture of airplanes, (2) an emergency hay program which was carried out in the drought area comprising most of Maryland, Virginia, and parts of North Carolina, West Virginia, and Pennsylvania in 1943, (3) an emergency corn purchase program which was carried out in the summer of 1944 in order to make corn available for processors for use in the manufacture of vital war materials, (4) the importation of foreign products urgently needed in our war production program and to insure adequate supplies of food products, and (5) purchases by the Corporation of approximately 4,000,000 cotton-bale covers for use in the event of shortages of bale covers made from jute and other fibers. We will be glad to supply complete information with respect to any of such programs.

In closing I would like to point out that in carrying out all of these programs we have tried to be of maximum assistance, to farmers in their all-out effort to produce the food and fiber needed for war, and at the same time, it has been our policy to utilize the services of local banks, warehousemen, dealers, merchandizers, and processors in carrying out the price-support programs. This

has enabled us to carry out these programs with a very small personnel on Government pay rolls, and at the same time minimize the casualties among private businesses, as a result of these governmental undertakings.

On the whole we have been able to carry out these programs and maintain close and cordial working relationships with private banks and other local agencies and thus enlist their help and support in these programs. We believe this policy is paying good dividends.

Mr. KILBURN. This is all new to me, and so far it has been very confusing. What I would like the Commodity Credit Corporation to furnish us is a continuing statement by fiscal years beginning January 1, 1941, showing your inventory on that day; then showing how much you have paid, parity payments, subsidies, and in what commodities, down to date; how much our losses have been; how much our loans have been, so that a person can get a picture of it.

Mr. FARRINGTON. I believe we have a statement like that, perhaps not in that detail, breaking down the losses as between subsidy losses and normal program operation losses. I believe that is in the course of preparation and will be available.

(The above-mentioned statement was later supplied and is as follows:)

War Food Administration—Commodity Credit Corporation—Commodities owned and under loan, June 30, 1941

Commodity	Owned		Under loan		Total held	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Barley, rye, and grain sorghums.....bushels..	78, 634	\$43, 346	7, 308, 548	\$2, 600, 801	7, 387, 182	\$2, 644, 147
Corn.....do.....	201, 857, 736	141, 513, 968	289, 463, 025	185, 393, 350	491, 320, 761	326, 907, 318
Cotton.....bales..	6, 126, 482	350, 828, 715	2, 189, 793	108, 111, 480	8, 316, 275	458, 940, 195
Gum naval stores.....				14, 864, 075		14, 864, 075
Turpentine.....gallons..			3, 585, 409		3, 585, 409	
Rosin.....barrels.....			1, 214, 021		1, 214, 021	
Hops.....pounds.....			3, 713, 693	822, 705	3, 713, 693	822, 705
Peanuts.....tons.....			10, 929	347, 464	10, 929	347, 464
Pecans.....pounds.....			3, 000	20, 825	3, 000	20, 825
Prunes.....tons.....			86, 453	5, 144, 870	86, 453	5, 144, 870
Raisins.....do.....			38, 972	756, 164	38, 972	756, 164
Rubber.....do.....	91, 556	31, 771, 229			91, 556	31, 771, 229
Tobacco.....pounds..	285, 759, 014	68, 954, 702	96, 889, 570	14, 725, 774	382, 648, 584	83, 680, 476
Wheat.....bushels..	169, 159, 316	133, 087, 780	38, 407, 524	26, 569, 904	207, 566, 840	159, 657, 684
Subtotal.....		726, 199, 740		359, 357, 412		1, 085, 557, 152
General commodities purchase program:						
Grain products pounds.....	32, 874, 720	898, 360			32, 874, 720	898, 360
Dairy and poultry products.....do.....	108, 759, 897	12, 865, 032			108, 759, 897	12, 865, 032
Fish.....cases.....	133, 343	414, 436			133, 343	414, 436
Fruits and vegetables.....pounds..	98, 384, 275	4, 320, 457			98, 384, 275	4, 320, 457
Fruits and vegetables, canned.....dozen.....	481, 790	392, 665			481, 790	392, 665
Fats and oils.....pounds..	41, 992, 040	3, 508, 412			41, 992, 040	3, 508, 412
Pork.....do.....	21, 866, 921	4, 346, 356			21, 866, 921	4, 346, 356
Subtotal.....		26, 745, 718				26, 745, 718
Grand total.....		752, 945, 458		359, 357, 412		1, 112, 302, 870

Prepared: Office of the Treasurer, Feb. 9, 1945.

*War Food Administration—Commodity Credit Corporation—Comparative
operating statements*

	Oct. 17, 1933, to June 30, 1941	July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	Estimated, July 1, 1944, to June 30, 1945	Total estimated, Oct. 17, 1933, to June 30, 1945
Losses from subsidy programs:						
Apple freight equalization				\$3,047,116	\$200,000	\$3,247,116
Beans, dry edible				4,235,607	4,800,000	9,035,607
Cheese, Cheddar			\$11,437,554	26,101,634	16,000,000	53,539,188
Cocoa			646,558	¹ 2,084,010		¹ 1,437,452
Coffee			2,606,725	4,207,188		6,813,913
Corn, ceiling-price ad- ment			359,755	1,166,751		1,526,506
Corn for alcohol ²		\$1,600,000	2,800,000			4,400,000
Corn purchase and shell- ing					3,600,000	3,600,000
Dairy production				153,136,335	450,000,000	603,136,335
Fruits for processing				18,811,060	26,100,000	44,911,060
Hay for dairymen				2,697,103		2,697,103
Milk, fluid			2,719,719	8,897,343	12,000,000	23,617,062
Millfeed price support			163,063	¹ 24,945		138,118
Oilseeds and products:						
Cotton linters				¹ 1,283,411		¹ 1,283,411
Peanut butter				5,563,880	8,500,000	14,063,880
Peanuts				¹ 10,356,565	3,500,000	¹ 6,856,565
Shortening				391,808	1,000,000	1,391,808
Soybeans			5,153,893	15,978,998	32,000,000	53,132,891
Vegetable oils and meals			8,919,376	¹ 2,054,403		6,864,973
Total oilseeds and products			14,073,269	8,240,307	45,000,000	67,313,576
Pear freight equalization					400,000	400,000
Pork purchase				330		330
Sugar:						
Cuban			6,866,895	25,276,023		32,142,918
All other			1,327,811	13,731,791	36,700,000	51,759,602
Vegetables for processing				20,938,233	36,200,000	57,138,233
Wheat for alcohol ²		800,000	21,900,000			22,700,000
Wheat for feed ²		5,900,000	81,100,000	96,600,000	61,200,000	244,800,000
Total net losses from subsidy programs		8,300,000	146,001,349	384,977,866	692,200,000	1,231,479,215
Losses from other programs:						
Barley		¹ 4,606	¹ 10,590	¹ 143,440		¹ 158,636
Beans and peas, dry edible				160,665		160,665
Castor beans			3,521			3,521
Corn	\$20,078,488	9,478,707	4,461,707	886,072	500,000	35,404,974
Cotton	27,401,798	¹ 63,334,939	¹ 25,525,792	¹ 27,373,731	¹ 5,000,000	¹ 93,832,664
American-Egyptian and Sea Island				156,121	400,000	556,121
Rubber exchange		¹ 11,090,907		35,456		¹ 11,055,451
Burlap and jute fab- rics			¹ 2,769			¹ 2,769
Dairy animals			115,672	537,168		652,840
Flaxseed			40	257		297
Foreign commodities			607,116	¹ 21,750,839		¹ 21,143,723
Grain bins				13,148,494	3,000,000	16,148,494
Grain sorghums			¹ 2,555	¹ 1,424		¹ 3,979
Hemp				329,072		329,072
Hops	162,036	799,011				961,047
Naval stores	4,435,579	¹ 27,014	¹ 430,747	¹ 3,962,806		15,012
Oats				¹ 26,512		¹ 26,512
Pecans			3,751			3,751
Potatoes, white				3,467,589	13,400,000	16,867,589
Raisins		111,337				111,337
Rye	4,575	¹ 29,489	51,582	¹ 251,395		¹ 224,727
Seeds, miscellaneous			597,945	¹ 944		597,001
Sorgo			59,399	6,615		66,014
Spruce logs, Alaskan			22,522		2,000,000	2,022,522
Tobacco	2,107,589	12,099	96,895	¹ 7,395,210	¹ 3,000,000	¹ 8,178,627

See footnotes at end of table.

*War Food Administration—Commodity Credit Corporation—Comparative
operating statements—Continued*

	Oct. 17, 1933, to June 30, 1941	July 1, 1941, to June 30, 1942	July 1, 1942, to June 30, 1943	July 1, 1943, to June 30, 1944	Estimated, July 1, 1944, to June 30, 1945	Total estimated, Oct. 17, 1933, to; June 30, 1945
Losses from other programs— Continued.						
Wheat.....	\$6,199,460	¹ \$5,089,029	¹ \$28,505,494	\$28,412,822		\$1,017,759
Export.....					\$4,400,000	4,400,000
Wool.....	176			569,225		569,401
Total net losses from other programs.....	60,389,701	¹ 69,174,830	¹ 48,457,797	¹ 13,196,745	15,700,000	¹ 54,739,671
Total net losses from all program opera- tions.....	60,389,701	¹ 60,874,830	97,543,552	371,781,121	707,900,000	1,176,739,544
Interest expense, net.....	¹ 2,069,659	¹ 3,369,187	2,248,414	¹ 64,540	4,000,000	745,028
Operating expense, net.....	10,427,099	6,965,866	¹ 7,441,219	10,548,164	11,000,000	31,499,910
Total net interest and operating expense.....	8,357,440	3,596,679	¹ 5,192,805	10,483,624	15,000,000	32,244,938
Total net program losses and interest and operating ex- penses.....	68,747,141	¹ 57,278,151	92,350,747	382,264,745	722,900,000	1,208,984,482

¹ Profit.² Estimated.

Mr. KILBURN. I would like to have you show in that, too, where you got the money.

Mr. FARRINGTON. All of our funds have come from the borrowing powers that the Congress has given us.

Mr. KILBURN. And by fiscal years, show how much money and where, so that we can have a picture of your operations since the war started.

Mr. MAYCOCK. I am not sure what fiscal year you wanted us to start with.

Mr. KILBURN. Start it with July 1, 1941. Would it be possible to get that?

Mr. FARRINGTON. Yes, sir; it is possible to get our operations by fiscal years.

I would be glad to discuss the wheat or the wool situation, if there is any interest in those phases of the program.

Mr. HAYS. Before you begin on the wheat situation, I would like to ask about the cotton program. I suppose the officers of the Corporation have kept in pretty close touch with the studies being made by the Pace committee?

Mr. FARRINGTON. Yes, sir.

Mr. HAYS. Have your views advanced to the point where you can express an opinion about the future of cotton, or is there anything growing out of those hearings relating to this problem of potential losses in our cotton stock?

Mr. FARRINGTON. We are not in a position to say what the possible losses may be as a result of our cotton operations. As has been pointed out in the hearings, as of today, our actual operations show a profit. But, as I have testified, we now have under loan and in pools and owned, about 8,300,000 bales of cotton. We are not in a position to predict at what prices that may be liquidated. So I could not hazard a guess as to what the eventual outcome would be.

As you know, from 1933 upward we have been generally on an increasing level of prices and almost every year our loans rates have been increased and market prices have increased. Therefore we have not accumulated losses over that period.

Now, if, after the war—and I say “if”; I am not predicting what the trend of prices may be, but if we are on a descending scale of prices, then our losses would accumulate very heavily, with such a large stock of cotton.

Mr. HAYS. But there is considerably more importance attaching to what happens to the cotton industry in the future than what happens to our bookkeeping accounts here?

Mr. FARRINGTON. Yes, sir. The important thing is the income of the South and what it may contribute to the national economy, of course.

Mr. HAYS. While we would like to avoid a loss on these bales of cotton that you have, it is all tied up with the future of an industry, supporting much of the economy of the South. That is true, is it not?

Mr. FARRINGTON. That is correct.

Mr. HAYS. And you would agree that the emphasis ought to be placed upon those fundamental readjustments that will support that economy?

Mr. FARRINGTON. I feel very strongly that a good income in the South is highly essential not only to the people there but to the Nation.

Mr. HAYS. I have asked you a leading question. But I wanted to see if you would not agree that the emphasis belongs there, that these adjustments have to be made and probably will be made; and, in the second place, in the defining of a policy with reference to cotton it is imperative that the price of cotton be supported through these procedures that are now in operation.

Mr. FARRINGTON. I think the price-support program has made a big contribution to the South and I feel that the income must be held up. The question is under study in the Agriculture Committee now and I would not want to make a statement on that.

Mr. GAMBLE. Mr. Jones gave us the picture of the money paid out on subsidies. I spoke to him and asked him, in order that we might have the full picture which we will probably be asked for when this bill gets to the floor, the amount spent by the Reconstruction Finance Corporation; and Mr. Jones said he did not feel that it was in his field to present that to the committee. But I think it is available and I thought perhaps the chairman might ask for it from the R. F. C.

In other words, you will be asked questions on subsidies. You know all of the C. C. C. subsidies, but we do not know the R. F. C. figures. I think we ought to have that full picture for the hearings and I think you could probably get it by letter rather than summoning someone to come up here and testify.

The CHAIRMAN. If we can get that information without the necessity of summoning a witness here, we will be glad to get it and put it in the record.

(The above mentioned information will be found on p. 116.)

Mr. FARRINGTON. We will be glad to see that that is put in the record, if you wish.

Mr. GAMBLE. Thank you.

Mr. BUFFETT. Is there any reason for us to assume that as long as Congress makes appropriations available, the supply of cotton, or the cotton inventory, will not continue to increase indefinitely in the foreseeable future?

Mr. FARRINGTON. That is tied up very closely with our international trade policies following the war, I would say, and also our whole domestic economy.

The acreage of cotton has been lower during the war than for many, many years, and at present prices for cotton, present labor costs, and the alternative opportunities that the cotton farmer has, there is not, in my judgment, an incentive to increase his acreage. If more labor becomes available at lower costs and some of their alternative crops are not so attractive and the price of cotton is held up, then, in my judgment, there will be an increase in cotton acreage. And unless we have at the same time large exports—yes, there is bound to be an accumulation.

Mr. BUFFETT. Do you see any prospect of those large exports now?

Mr. FARRINGTON. Well, not right now; after the war—I do not know. Certainly, for a while, there will be a big need, but there are large stocks of foreign cottons in the world. Stocks of foreign cotton are at record levels right now.

Mr. BUFFETT. They are?

Mr. FARRINGTON. Yes, sir?

Mr. BUFFETT. Here is my point. We are trying to do something, whether it is price fixing up or price fixing down, that never yet has resulted in anything but failure. I am anxious to see that this experiment or this effort is continued, with the benefit of those experiences of the past being used. And I am anxious to know what cognizance is being taken of those facts and how we propose to avoid those disastrous price experiences that we have had in the past. Cotton is just one example. The same thing applies to wool. I am anxious to know whether, every time we put money in, it is just postponing the fatal day, or whether we are moving in a direction to keep supplies down so that we will not need so much money, and there will not be so much final loss.

Mr. FARRINGTON. That is getting into a very broad question, as you know. We do keep informed and have kept ourselves informed on the program. Of course, you understand, the loans we have made and the purchases we are making this year, were made at the direction of Congress. They directed the rate at which they should be made and also directed us to achieve a parity price in the market, which we have approximated through the purchases. It has not been exactly parity. And the Congress, through the Agriculture Committee, is reviewing this whole cotton program. What the outcome of that review will be, I am not in a position to say.

Mr. BUFFETT. It is sort of confusing to hear Members of Congress blame the Commodity Credit Corporation and then to have the Commodity Credit Corporation say this is a mandate of the Congress. It goes around in a circle and, of course, the taxpayer is paying the bill and he is asking the question, as he should. And I hope you will be patient with me when I try to get some information on some of these points.

Mr. FARRINGTON. I did not mean to throw it back on the Congress.

Mr. BUFFETT. I know you did not, but it is confusing to new Members. It is going to take us some time to get oriented and we will ask some questions and there will probably be some repetition.

Mr. FARRINGTON. I will do my best to answer them.

The CHAIRMAN. If there are no further questions, Mr. Farrington, thank you for your statement.

We will hear Colonel Olmstead.

STATEMENT OF LT. COL. RALPH W. OLMSTEAD, DIRECTOR OF SUPPLY, WAR FOOD ADMINISTRATION AND COMMODITY CREDIT CORPORATION

Colonel OLMSTEAD. Mr. Chairman and gentlemen, my name is Ralph Olmstead. I am Director of Supply, War Food Administration and C. C. C.

The supply agencies of the Commodity Credit Corporation with which I work are responsible for assembling the requirements for food, recommending allocations of food, for procurement for lend-lease, price-support operations relating to commodities other than basic commodities and some subsidies relating to those commodities; and we have also been engaged in the coordination of all governmental food procurement, by military and other agencies, since the beginning of the war.

Those agencies are taking approximately \$6,000,000,000 worth of food out of domestic channels of distribution every year and using it elsewhere.

While price support and other production measures have achieved a very high level of production, it should be noted that concurrently the wartime export market has, with a few exceptions, been adequate to prevent the accumulation of surpluses and to maintain prices at support levels, or better.

The Government is obligated to maintain prices on several highly perishable commodities for 2 years after the end of hostilities, and we are certainly not sanguine about the maintenance of present outlets for those commodities between now and that time.

It has been our experience that whenever the quantity of one of these commodities in the hands of farmers exceeds the immediate effective demand of normal trade channels, prices will quickly decline below support levels unless there is an alternative outlet provided. We anticipate this price-support problem, because of geographical and seasonal surpluses during the war and because of shifts in requirements for military and defense-aid purposes as the war comes to a conclusion.

In addition, of course, is the factor of availability of supplies, post-war, from areas now under Axis control.

On those considerations we have submitted several estimates that represent the best judgment we can get as to what will be needed during the war and in the 12-month period following VE-day.

With respect to specific commodities handled by supply agencies, the estimates I will cover very briefly.

Cheese is the first commodity. The maximum price for American Cheddar cheese which was established in October 1942 was relatively

low as compared with the maximum prices for other dairy products. To make it possible for cheese manufacturers to buy milk and maintain production of cheese, the C. C. C. purchases all the Cheddar cheese produced at 27 cents a pound. It is a quarter of a cent higher on low-moisture cheese. It resells it to the manufacturer at $23\frac{1}{2}$ cents a pound, which is the basic ceiling price, Wisconsin basis. Since March 1, 1944, the C. C. C. has been recovering the subsidy paid on cheese sold to other agencies of the Government. The cost of that operation through 1945 is \$18,600,000.

Dairy production payment: Since October 1943 the C. C. C. has made payments to dairy producers ranging from 30 to 90 cents per hundredweight of milk and from 4 to 11 cents per pound on butterfat. The payments are varied seasonally as well as geographically. The program is administered in the field by the Agricultural Adjustment Agency. That program requires \$526,000,000 through 1945.

Fluid milk payments: Price increases to producers of class I milk were authorized in certain areas under Federal milk market orders and in neighboring competing areas by the O. P. A. There were no corresponding increases made in the prices of fluid milk to consumers. To enable handlers in those areas to pay the established prices to producers, the C. C. C. makes payments to handlers. Applications for payment of this sort are handled by the Federal Milk Market Administrator, and the handlers of milk must, in turn, pay specified prices to producers. The cost of this program through 1945 is \$14,000,000.

There is included in these estimates also an item of \$20,000,000 for price-support purchases of dairy products and an additional \$80,000,000 for the 12 months following VE-day. While there is no present surplus of manufactured dairy products, a sudden reduction in lend-lease or military requirements, or both, might cause price-depressing surpluses of dry skim milk, cheese, and even butter, particularly if reduction in Federal procurement should occur during the flush season of production.

Fruits for processing: The expected supplies of major dried and canned fruits will be short of total demand, regardless of the course of the war, and the only price-support program in that field at the moment is the subsidy program. Producers of fruit can get more for their fruit if they sell it in fresh form than if they sell it to canneries, by reason of the fact that the ceiling on the canned product is set, and, for a time, there were no ceilings on the fresh product. When they were established, they reflected higher returns for fresh fruit. In order to get some fruit processed to meet military and other requirements—principally military—subsidies are paid to canners. On fruit it will cost \$34,300,000 through 1945.

On the basis of average yields, we think it is unlikely that any expenditures for price-support purposes will be necessary on this product during the year following VE-day.

Vegetables for processing: It is expected that supplies of the four major processed vegetables—tomatoes, snap beans, green peas, and sweet corn—will be short of total demand. Growers' support prices on these vegetables are higher than the raw-vegetable prices reflected in maximum civilian price ceilings. In order, therefore, to get production, payments are made to canners, who must, in turn, pay support prices to producers. Through 1945 the cost of this program will be \$39,700,000.

Eggs are a Steagall commodity and have to be supported at 90 percent of parity. Parity prices are based on average prices throughout the country with seasonal variations. In his original public announcement the Secretary of Agriculture fixed price-support levels at 30 cents per dozen in spring and summer months and 34 cents per dozen in the fall and winter. Now, that was to be average. It was further stated that prices would be supported through purchases of dried eggs and graded eggs. In the flush season of production in 1944, egg supplies exceeded not only production goals but the capacity of drying and grading facilities. As a result the egg market began to collapse in late March 1944. When prices declined, it was decided to revise the program and purchase current receipt eggs direct from farmers at 27 cents per dozen. When this action was taken, farm egg prices rose to 27 cents per dozen and stayed up.

The War Food Administration purchased 5,591,393 cases of eggs at a total estimated cost of \$62,755,345. Most of those eggs were ungraded. Cases were poor in quality. Cold-storage space was inadequate. Refrigerated transportation was inadequate. It was necessary to ship, for example, about 1,500 cars of eggs to the Pacific Northwest and store them in apple houses. When that was done, it was done with the full knowledge that they would have to be brought back East again to be used.

The purchases were made during the season of flush production, which ended about June 15, 1944. During the period of heavy production and procurement, about 65,000,000 cases of eggs were produced in the country. We believe it a conservative estimate that without the price-support purchases, eggs would have sold for a return of at least 10 cents per dozen less to producers. If that is true, producers received about \$195,000,000 more for eggs as a result of these price-support purchases.

When the flush production season ended, the War Food Administration began to sell its inventory, and we have done everything we knew how to do, and some things we did not know too well how to do, to minimize losses.

On the basis of the present estimate, which is a pretty reliable one, I would say within 1 or 2 percent, we will recover \$56,929,638, out of those eggs, leaving a net loss of approximately \$5,800,000. This year production goals were reduced, and production is expected to be somewhat less than in 1944.

If the war continues on all fronts, no annual surplus is anticipated.

It is estimated, however, we may have to buy some in the flush season of production, to be resold later in the year, in order to keep the support price, and \$13,000,000 is put in the estimates for that purpose.

During the 12-month period following VE-day, I am afraid it is a different story; a substantial surplus of eggs can reasonably be anticipated at prices reflecting 90 percent of parity. When the war situation ends, unless something is done, the demand for dried eggs is going to disappear very rapidly. Because of that we have an estimate in here of \$273,000,000 for egg-price support in the 12 months following VE-day.

Irish potatoes are also a Steagall commodity, and a highly perishable one. The support program consists in purchases of early and

intermediate potatoes and loans on late potatoes which can be stored. There is no subsidy on potatoes.

It is expected that substantial funds will be needed for loans to growers, even if the war does continue. Other programs will consist of purchase, diversion, school-lunch program, and other uses. It is our estimate we will need \$49,500,000 through 1945 and, in the 12 months following VE-day, another \$63,900,000.

Now, the committee may be interested in having some figures on potatoes. That is another very important price-support item, and we have the figures on it. We have purchased, my recollection is, approximately 11,000 cars of potatoes, invested somewhat over \$17,000,000 in them and got \$12,000,000 and something back from the proceeds of sale. We have lost about \$4,500,000 on potatoes.

Cured sweetpotatoes are a Steagall commodity. They have to be supported at 90 percent of parity. We do not expect a surplus if the war keeps on. We think we will need about \$7,500,000 for loans to growers; will need another \$3,000,000 for price support in the 12 months following VE-day.

Hogs are a Steagall commodity and have to be supported at 90 percent of parity. If the demand continues at wartime levels, there won't be any surplus; indeed, there will be a shortage. If the war does not continue and Government procurement drops, we may have to buy some. Our best estimate is \$50,000,000 for about 200,000,000 pounds of pork products.

Dry beans and peas are a Steagall commodity and have to be supported. In addition to that, in 1943 and 1944 there is a subsidy on beans. The support-price levels for several varieties of beans are higher than the ceilings. The payments average about 50 cents a bag to enable the dealers to pay the support prices. Those subsidies, through 1945, will cost about \$6,336,000. The Government has a large stock of beans and peas in its inventory. We think we are going to be able to move it for military and lend-lease and, more important, civilian-relief requirements. We have submitted an estimate of \$47,000,000 for price support in the 12 months following VE-day.

I have one other comment to make about losses, if the committee will permit. These figures I gave you on potatoes and eggs are the figures we were able to set down as being clearly and exclusively price support. As the committee knows, we do lots of buying for lend-lease. Suppose we buy a million bags of beans a year and we put that in the inventory. If we need them for lend-lease, they are shipped out under lend-lease and we do not put in any bill for price support. A good deal, at least, of the market support, not formal price support, has been carried out in that way.

We have had constant worries; a certain amount of criticism because of spoilage. We store things in the warehouse and sometimes it happens, as it does to all men who store things in the warehouse, that some of it spoils. I am sure the committee will be interested in the record to date of all the losses that have been liquidated; that is to say, all the ones we have completed work on.

From March 1941 to September 1944 our money losses, cumulative, are \$1,456,172.36. That is out of the total volume of \$5,700,000,000 worth of food. It represents about one twenty-fifth of 1 percent.

Mr. BROWN. On what particular commodity is that?

Colonel OLMSTEAD. All commodities; all food commodities that are purchased.

Mr. BROWN. The loss is about how much?

Colonel OLMSTEAD. About one twenty-fifth of 1 percent.

Mr. SUNDSTROM. That is from spoilage?

Colonel OLMSTEAD. From spoilage only; yes, sir.

Mr. TALLE. On what commodities have you made money?

Colonel OLMSTEAD. Well, it depends on the time of year, and so on. We make money on all of them. We are making money on eggs right now, and that has helped to cut down the losses earlier, when we had to put them into tankage and things like that.

Here is our system if it will interest the committee. We have in storage about 50,000 different lots of commodities, some of them less-than-carload and some of them carload. We review each lot once a month, and whenever it appears that a lot has been there too long, or is likely to spoil, or if, through warehouse inspection, we find something going wrong with it, we do one of three things. We either ship it immediately on one of the export programs—and we do not do it unless it is going to be in good condition when it gets there—or we sell it back to the original processor, and to sell it to anyone who wants to buy it—for salvage, so to speak. The results of that operation are what I have just given you.

Mr. SUNDSTROM. Have you, for any fiscal year, made money on any individual commodity?

Colonel OLMSTEAD. I do not think so—not in any way that I could report to the committee. We have this general commodity purchase program. We put in an allowance of 1 percent for spoilage and charge lend-lease that 1 percent. Now, some of that money has not been necessary to pay losses, and has been covered into the Treasury on the occasion of the annual appraisal. But our system is such that we could not possibly make an over-all profit, because we price the stuff on transfers to lend-lease and other Government agencies in such a fashion that it is designed for us to break even always. If we did make money, it would cause a cut in our pricings, and the bill to lend-lease would be reduced, because we do not try to make a profit on lend-lease.

Mr. SUNDSTROM. Do you ever break even for a fiscal year on any commodity?

Colonel OLMSTEAD. Surely, we always break even. That 1 percent allowance for losses has not been used, and I think some \$18,000,000 has been covered into the Treasury from that 1 percent charge—no; it is being held as a reserve.

Mr. BUFFETT. And you handle all foods for 1 percent?

Colonel OLMSTEAD. No; for less than 1 percent.

Mr. BUFFETT. I would like to ask you about eggs. I was out in the countryside a couple of weeks ago, and the hens looked like they were getting a little nervous.

Colonel OLMSTEAD. So are we.

Mr. BUFFETT. I wondered about your egg inventory, in that \$170,000,000 for eggs on October 31.

Colonel OLMSTEAD. What they are doing there is giving you figures on dried eggs.

Mr. BUFFETT. Those are the preliminary figures?

Colonel OLMSTEAD. Yes. We have about 100,000,000 pounds of dried eggs on inventory this year. I have been working on the egg program with our foreign claimants for some time. We have a program laid out which will permit us to run at about normal operations, maybe a little less this year, on egg drying. We think that is going to be enough to support the market. We have reports of requirements from Russia, SHAEF, from the paying governments, and the British which are adequate, so far as we can see now, not only to take this year's production, but to clean us out of inventory completely by the end of the year. That is an ideal situation. That is like a big rock-candy mountain; we never get there quite, but I think we will be in pretty good shape.

Mr. BUFFETT. You are not worried at all, then, about a flush season on eggs?

Colonel OLMSTEAD. Certainly we are worried. Somebody who has experienced that once is always going to worry when the flush season comes.

Mr. BUFFETT. Your shell eggs are almost all gone?

Colonel OLMSTEAD. They are all gone.

Mr. BUFFETT. Who has this inventory, then, on shell eggs throughout the country?

Colonel OLMSTEAD. Oh, we sold lots of them back to the trade and they sold them as storage eggs during the season when you can sell storage eggs to the consumers, and some of them were frozen and sold to the bakeries. On many of them we got more out of them than we put into them; but over all we have had this \$5,000,000 loss on eggs.

Mr. BUFFETT. I think, under the circumstances, you did a very creditable job. It was a mess last spring, I know that.

Colonel OLMSTEAD. Thank you.

The CHAIRMAN. Colonel Olmstead, what losses have you sustained with regard to dairy products?

Colonel OLMSTEAD. Well, sir, do you mean by way of subsidy, or do you mean by our support prices?

The CHAIRMAN. Have you any estimate as to what increase in production the subsidy has effected in the dairy industry?

Colonel OLMSTEAD. Yes. I would like to ask Mr. Dodd to answer that question. He has those figures.

Mr. DODD. 1942 was our largest year of production for milk. Beginning early in 1943 production began to decline until it reached the low point (that is, in relation to 1942) in July and August. At that time dairy production payments were put in. They did not arrest the decline until January 1944. Since that time we were able to make up the difference and, in 1944, we were able to finish the year with as high production as we had in 1942. The last 3 months, October, November, and December, dairy production ran about 3 percent higher than it did in 1942. For January it is running even above that.

So it looks like beginning in the early part of 1944 we had recovered about 1,000,000,000 pounds of production that we would not have had if it had not been for some type of program. In other words, we lost a billion pounds of production in 1943 over 1942; we got back even with 1942 production during 1944 and are now running somewhat ahead of the 1942 production.

The CHAIRMAN. What effect did your subsidy have on the price to the producers of milk?

Mr. DODD. It actually added, of course, to their income for milk the full amount of the subsidy. The payments were made directly to the farmers.

The CHAIRMAN. They were made direct to the farmers?

Mr. DODD. Yes, sir; and the rates varied. At the present time, on the winter rates, the lowest area in the United States is out in some States in the Corn Belt—60 cents a hundredweight for milk, and the highest rate is in the Southeast, where it is 90 cents a hundredweight. It is now 10 cents a pound on fat delivered as butterfat. That is the highest rate that has been in.

In addition to that, in the area covered by the drought beginning last fall—the area that runs through part of Arkansas, through Tennessee, Kentucky, and on up into the New England States—there is an additional payment of 10 cents a hundredweight on milk and 1 cent a pound on butter.

The CHAIRMAN. Some of the farmers I represent are very much exercised about the continuation of that program. I suppose there is no reason to believe the program will be discontinued so long as the emergency lasts.

Mr. DODD. Under the present commodity legislation, the program could be continued through June 30, and then it would depend on the action of this committee whether it would be continued after June 30.

The CHAIRMAN. What are your shipments of milk to the armed forces?

Colonel OLMSTEAD. I would have to get the figures for you, Mr. Chairman, but the Army takes milk in several forms. It takes fluid milk for consumption here in the training camps; it takes evaporated milk, cheese, dry-skim, and butter for export. The lend-lease program takes dry-skim and cheese, a little dry whole. A small amount, about 80,000,000 pounds a year, of butter goes to Russia. That, I can assure you, all goes to the soldiers in the Red Army in the hospitals.

The CHAIRMAN. You cannot transport any fluid milk?

Colonel OLMSTEAD. No, sir. Evaporated milk and dried whole milk are the nearest you can come to it.

The CHAIRMAN. I asked the boys down home who have returned from overseas service what they craved most, and they said "milk."

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. They want milk almost more than anything else when they get back to this country.

Colonel OLMSTEAD. Well, they do not see milk over there, as we are accustomed to it, in those theaters of operation. I have not been in the Pacific, but I have been in some of the other places, and it is easy to understand how a fellow would get a craving for milk.

Mr. KILBURN. Those losses you mentioned in your testimony—do they all show up on the table Mr. Farrington furnished?

Colonel OLMSTEAD. No, sir.

Mr. KILBURN. They won't show up?

Colonel OLMSTEAD. No, sir. Those losses are within the G. C. P. item. That table you are getting shows the general program losses. I have those losses itemized here, and it is in the record of the Mead committee at the present time. I will be glad to give you a copy of

that, or to submit it for the record. It is in a lot of detail. There are such items as 3 pounds of canned beef, as one item of spoilage.

Mr. KILBURN. I would not like to go into that much detail, but I noticed you mentioned in your testimony several million dollars lost on this and that.

Colonel OLMSTEAD. That kind of stuff will show up.

Mr. KILBURN. That will appear in the table?

Colonel OLMSTEAD. That is right.

Mr. BUFFETT. In the C. C. C. inventories, are they correlated with the Army and Navy inventories?

Colonel OLMSTEAD. Yes, sir.

Mr. BUFFETT. In other words, there is a set of over-all figures somewhere on all those items; is that right?

Colonel OLMSTEAD. Yes, sir. And they are military secrets.

Mr. KILBURN. The losses are military secrets?

Colonel OLMSTEAD. Nothing we have in the War Food Administration is a secret, but the military inventories, particularly by theaters of operation, are always subject to secret regulation.

Mr. KILBURN. Are you, in Commodity Credit, familiar with those inventories at all times?

Colonel OLMSTEAD. I am.

Mr. KILBURN. The point I am getting at is this: It would be rather silly and embarrassing if it turned out that somebody for the Army had 100,000,000 pounds of a certain commodity, and you had 100,000,000 pounds of the same commodity, and somebody else had 100,000,000 pounds.

Colonel OLMSTEAD. Yes; that would be very, very embarrassing indeed, and that is one of the principal worries we have about the post-war disposal problem.

Mr. KILBURN. Do you keep cognizant of that situation?

Colonel OLMSTEAD. Yes, sir. We know just about how tough it is going to be.

Mr. BROWN. Do you ship any butter to our armed forces abroad?

Colonel OLMSTEAD. Our armed forces get somewhere in the vicinity of half a billion pounds a year.

Mr. BROWN. How many million pounds do you send to Russia?

Colonel OLMSTEAD. Eighty.

Mr. BROWN. Does that butter ever spoil?

Colonel OLMSTEAD. It is subject to some spoilage. I have inquired of the Russians if any of it spoiled over there. They said on one shipment they had some mold in print butter at Vladivostok. We did not want print butter, but we got some as a result of the prices and the set-aside, and this had some mold on it at Vladivostok and we have not shipped any since.

Mr. BROWN. How much did you say you sent to our armed forces—half a million pounds?

Colonel OLMSTEAD. No, half a billion pounds.

Mr. BROWN. I thought you said half a million.

Colonel OLMSTEAD. No, sir, half a billion—about 500,000,000.

Mr. BARRY. What has been the increase in production of all farm commodities, over-all, from price support and set-aside?

Colonel OLMSTEAD. About one-third.

Mr. BARRY. Do you happen to know what the farm commodity price is as of today with respect to parity?

Colonel OLMSTEAD. No, I do not. You mean the over-all price, do you not?

Mr. BARRY. Yes; the average farm commodity.

Mr. FARRINGTON. Two hundred and one percent of the pre-war average; that is, pre-World War I average.

Mr. BARRY. I mean this war since 1941. I may say that last year Judge Jones testified that the average agricultural product was about 17 percent above parity. There have been a good many changes since.

Mr. FARRINGTON. That is the figure as of today; it is 117 percent of parity as of today.

Mr. BARRY. So that really the farmers are producing one-third more than they did before the war and are getting an average of 17 percent above parity, which is considered a good price to the farmer?

Mr. FARRINGTON. Yes, sir.

Mr. BARRY. Do you say the farmers are better off today than ever before in history?

Mr. FARRINGTON. Their income is the highest they have had in history.

Mr. BARRY. It is pretty sound; there is no question about it.

Mr. FARRINGTON. Yes; the income is the highest in history.

Mr. BROWN. The city man is getting a little better food, too, is he not?

Mr. FARRINGTON. Yes, and more of it.

Mr. TALLE. Colonel Olmstead, does the W. F. A. have any order in force that restricts the movement, let us say, of potatoes as between one State and another?

Colonel OLMSTEAD. There was one out in Idaho, which restricts the movement. It is really a set-aside to get potatoes for the Army. I do not think we have anything in effect now, but we have had from time to time.

Mr. TALLE. Have you had any complaints from anywhere with reference to the movement of potatoes out of North Dakota into neighboring States?

Colonel OLMSTEAD. Late last fall, there were general complaints—not from the public but from the Army—that the potatoes were moving out of all the areas too fast and they could not get them. So regulations were put in through what is now the Office of Marketing Services in the War Food Administration in cooperation with the O. D. T., that required these potatoes to be offered to the Army before they could be moved out and sold in civilian channels.

Mr. TALLE. Have you had any complaints, let us say, from Des Moines, Iowa, that potatoes were coming into that area from North Dakota by truck, contrary to any kind of order you had issued?

Colonel OLMSTEAD. Not that I am aware of. There may be some. I would assume there are, but I would have to check on that. It probably would not come to me.

Mr. TALLE. To whom would that go?

Colonel OLMSTEAD. Well, if it were the result of an order, it would go to the Director of Marketing Services. It would probably end up in the fruit and vegetable branch of that organization, which is headed by Mr. Mever.

Mr. TALLE. I received some complaints and I referred them, but I have not had an answer.

Colonel OLMSTEAD. I think you probably ought to check with Mr. Meyer, then.

Mr. TALLE. Another point: You are prepared, are you, to buy hogs in the event they are pretty numerous?

Colonel OLMSTEAD. No, sir. I have sometimes stood at my office window and seen, in my mind's eye, vast droves of hogs out on the Mall that people had delivered to us, and that is really a pretty tough problem to contemplate. Last year, as you know, there were more hogs than could be handled at the time and price support became one of the foremost problems. The way it was handled was that all of the slaughterers of pork were licensed under the Second War Powers Act, and the license required that they pay not less than support prices.

Now, we have had, I think, one and maybe two indications that the slaughterer pays less than the support price. In those cases, it was called to his attention, and he gave the producers supplemental checks to get back up to the support price. We do not believe that the support price was violated. There are general statements that on some occasions, when the packing houses were filled to capacity and could not buy any more hogs, there were some speculators who stepped in and tried to buy them at lower than support prices. I do not know whether that is true or not. We have never been able to run down one of them specifically, because that term "speculator" is an elusive one, and cases like that are hard to find. I do not know what we could do to him if we did find one. But during that season, at least, we certainly had a time maintaining that support price. I do not know what we would do if that system did not work; it would be a little difficult for the Government to buy hogs on the hoof.

Mr. TALLE. Regarding your statement with reference to hogs, I understood you to say the Government would step in to buy.

Colonel OLMSTEAD. To buy products; not hogs. We can buy canned meat, hams, fat back, and things like that—and have. Those can be stored, can be handled, and can later be moved.

Mr. BUFFETT. Colonel, out of your varied and vast array of experiences in the handling of this problem in the last year or two, have you developed any pretty definite ideas about flaws in the legislative machinery under which you are operating? One solution for the problem is more money, but are there any mistakes that Congress has made in setting this thing up, which could be corrected and should be corrected?

Colonel OLMSTEAD. Well, we have one in here now that we think is the principal difficulty; that is, there is a proviso that we buy a commodity but we cannot sell it below parity unless it is spoiled. In the case of eggs, if you support eggs at 90 percent of parity, the only reason you are buying them is because there is no other market; nobody else will buy them. So that if you sell them again, you are required to sell at 100 percent of parity until they start to spoil or have spoiled. We have asked for relief from that, because obviously you cannot buy at one price for market support and sell at a higher price. The result is you are forced to hang onto the stuff until it has spoiled, and when it has spoiled, then you are in for quite a ribbing in the newspapers.

Mr. BUFFETT. Here is the point I am getting at—whether there are flaws in the legislation under which you operate which should be cured at this time.

Colonel OLMSTEAD. There are none that I know of at this time. We also prepare recommendations and send them along to the Judge [Mr. Jones], and he usually acts on them and sends them up here. Our biggest problem, if that is what you are getting at—

Mr. BUFFETT. Yes, sir.

Colonel OLMSTEAD. Is what are we going to do with this stuff after the war. You have asked that question before.

Mr. BUFFETT. Yes, sir.

Colonel OLMSTEAD. Congress has set the policy as to buying it; Congress has not set the policy as to what to do with it.

Mr. BUFFETT. If you get this relief, then you will have a free hand in your disposition of it?

Colonel OLMSTEAD. We won't have a free hand; no, sir. There are lots of people who say that the way to do with eggs is to reduce the price down to 10 or 15 cents a dozen and sell them. The only difficulty about that is, when you are going to support them at 90 percent of parity, which is 27 cents a dozen, if you start selling them at 10 or 15 cents a dozen you are going to have to buy them all.

Mr. BUFFETT. You will buy the same eggs over and over.

Colonel OLMSTEAD. True. You could not sell at less than your support price in any practical way I can think of, unless you want to put a subsidy on.

Mr. BARRY. Do you attribute much of the spoilage to that law compelling you to sell only at that time?

Colonel OLMSTEAD. In all fairness, I have to answer that "no." I do not attribute very much of it to that. The reason for last year's spoilage was that we just had too darn many eggs and did not know what to do with them.

Mr. BARRY. But a situation like that could very well develop if you were compelled to hold them until that time.

Colonel OLMSTEAD. It has happened on potatoes, specifically. That is the cause of certain losses in potatoes. You take these early potatoes that are coming up from the South, the commercial buyers go down there, and naturally they are interested to get the potatoes as cheap as they can. If we step in and buy at 90 percent of parity and ship them up North, there is an instance where you might be able to sell them, let us say, at 90 or 85 percent of parity and do the best job for the Government that you could do, if you are permitted to do it; but you just have to hang onto them, and they spoil awfully fast—these early potatoes.

Mr. BROWN. Along that same line, you take a staple product like cotton. You can always get parity because business is not going to get it anywhere else, they have to pay parity. So it is my understanding the cotton you expect to sell under this bill you expect to obtain parity for it; is that right?

Colonel OLMSTEAD. Yes.

Mr. BROWN. There would not be any sense in selling cotton below parity, because people have to use cotton; the mills have to operate.

Colonel OLMSTEAD. It is a much more serious problem on perishable things.

Mr. BROWN. I know that. Cotton does not deteriorate; eggs do. I feel that you have stricken out a provision in here about the sale of cotton that you ought to leave in.

Mr. FARRINGTON. Yes; but the appropriation item also provides it cannot be sold below parity.

Mr. BROWN. I know it does. Section 3 refers to another section stricken out, and part of that section is that you can sell one and one-half million bales annually, or 300,000 bales per month; but the other part of that section is that you cannot sell below the cost price.

Colonel OLMSTEAD. Yes, sir.

Mr. BROWN. Now, when you strike out that entire section, it looks to me like you are not bound to sell at parity, or the cost to you. That is the reason I think there ought to be a provision in there, because there is no use in the Government losing money by selling cotton below parity when the mills of this country cannot get it otherwise, and the Government would save a lot of money by selling at parity, or selling at the cost to you. I would like to have you explain that.

You see, here is your section. You say that "the provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the 2-year period, beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated. That section reads as follows:

Section 381, subsection (c):

The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price paid out by any of its agencies) with respect to the cotton sold.

Then the next paragraph [continuing:]

After July 1, 1939, the Commodity Credit Corporation shall not sell more than 300,000 bales of cotton in any calendar month or more than 1,500,000 in any calendar year; the proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton.

Now, you are taking out that entire section, and I do not see how you are prevented from selling cotton below parity.

Now, what you are trying to get is the privilege of selling more than a million and a half bales a year.

Mr. SHIELDS. Yes.

Mr. BROWN. Well, now, when you strike out that whole thing, you are not bound to sell at parity or at cost to you?

Mr. SHIELDS. Mr. Congressman, if you will look on page 1 of this comparative print that I just distributed, the second paragraph, beginning: "Provided further," is a copy of part of the item relating to Commodity Credit Corporation in the Department of Agriculture 1945 Appropriation Act, and it says there, as you see, that no farm commodity shall be sold below parity with certain exceptions.

Mr. BROWN. I know; but—

Mr. SHIELDS. Now, that provision has been included in the law, in the appropriation act, for about 3 years now, and when this question was considered in the Senate, Senator Bankhead said he could go along with this provision if it was clear that there would be no move

on the part of the War Food Administration to oppose a continuation of this proviso in the appropriations bill.

Mr. BROWN. Well, I called his attention to that and he said I might be right about it. He told me what you said about it; but that is in the appropriations act?

Mr. SHIELDS. Yes, sir.

Mr. BROWN. There is no harm in putting it in this bill?

Mr. SHIELDS. Well, there is no harm in putting it in there; no.

Mr. BROWN. You do not mean to sell cotton below parity or cost, do you?

Mr. SHIELDS. You cannot sell it below parity; no, sir; under existing law.

Mr. BROWN. Well, the Appropriations Committee only appropriates funds.

Mr. SHIELDS. As a matter of fact, Mr. Congressman, section 381 (c) says you cannot sell below the amounts invested in the cotton, and many times that is below parity; the appropriation item is much stronger protection.

Mr. BROWN. You are bound to pay parity for it.

Mr. SHIELDS. I do not believe we have paid parity for some of the cotton we have on hand.

Mr. BROWN. How is that?

Mr. SHIELDS. Some of the cotton we have on hand we took in under lower loans and did not pay parity for, so the item in the Appropriations Act is more protection, Mr. Congressman, than this provision which is being suspended so long as the 92½ percent loan is in effect.

Mr. BROWN. I would like to see an amendment so that there will be no doubt about it.

Mr. SHIELDS. Here is what the Senate said in their report on this bill, on this very section. They ended up a discussion of this section with this sentence:

This suspension of section 381 (c) would not affect the prohibition contained in the Commodity Credit Corporation item in the Department of Agriculture Appropriations Act, 1945, against selling cotton at less than parity price.

In other words, they recognize that this was not changing the rule against sales of cotton below parity.

Mr. BROWN. I know; that is just merely a report; that is not a law.

Mr. SHIELDS. That is correct, but it is legislative history.

Mr. BROWN. Will you give some study to that?

Mr. SHIELDS. Yes, sir; I will be glad to, Mr. Congressman.

Mr. BROWN. I do not want to hamper you in any way, but I would like to see the law made clear.

The CHAIRMAN. What saving do you think would be effected by the amendment with reference to the spoilage, Colonel Olmstead?

Colonel OLMSTEAD. It depends on future developments, Mr. Chairman. It might amount to many millions of dollars. It depends on the future production of these perishable items. If we get large stocks on hand, we might be able to move them with greater facility with this proviso, and the saving might run into the millions. It would be pretty hard to say.

The CHAIRMAN. You feel that the marketing of commodities you might have on hand, and which you anticipate might spoil in the near future, would not have any effect upon the existing price?

Colonel OLMSTEAD. I do not think so, because our agency, being bound to support the price, would not administratively go out and take an action that would make its own job harder. If we are buying 5,000,000 cases of eggs and that will support the price, there is no use fixing yourself up so you have to buy 60,000,000.

The CHAIRMAN. That is true. It would defeat the very purpose which you are attempting to accomplish.

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. Yes.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. I should like to check the testimony of this morning. When I asked about when the Commodity Credit Corporation began to serve as purchasing agent for the Lend-Lease Administration, I think you said "March 1, 1941."

Colonel OLMSTEAD. March 1941.

Mr. TALLE. Yes; that has continued ever since.

Colonel OLMSTEAD. Yes, sir.

Mr. TALLE. May I have your assurance that there is not any likelihood that Commodity Credit Corporation might in the event, let us say, of a sudden cessation of hostilities, be left holding the bag as to purchases and be responsible for the financial outlay?

Colonel OLMSTEAD. In the financial sense, I am unable to see—we have many discussions about this among ourselves—I am unable to see how it would be possible for the Commodity Credit Corporation to get stuck, because when the F. E. A. asks for a program, they ask, for example, for 100,000,000 pounds of evaporated milk, or something like that. They send a requisition. With that requisition, they send the money. They allot it to the Department of Agriculture. We have on hand, by allotment, enough money, from F. E. A., to pay for everything in the inventory at all times.

In addition to that, the Appropriations Committee has, year after year, approved allocations of \$500,000,000, which is set aside as Lend-Lease's share of the general obligation to the American farmer to support his prices.

Now, with that \$500,000,000, and with the allotment procedure, unless the whole system is changed, I do not see how the Commodity Credit Corporation could bear any of the cost.

Now, that is not to say that it would not have to bear the physical job of handling the commodity if the commodity were declared surplus. Our Department is the disposal agency, and it would probably have to undertake the sale, but it would be on the account of the F. E. A.

Mr. TALLE. I see. Thank you.

Mr. KILBURN. What I am trying to get at, if I can do it, is to find out the loss the Government has taken in all its subsidies and its purchases by Commodity Credit and—

Colonel OLMSTEAD. Well, Commodity Credit Corporation does not take any loss on any lend-lease operation. We just use the Commodity Credit Corporation as the conduit through which to buy. As a matter of fact, there are about 65 of these programs. You see, we buy for the Red Cross and for Hawaii and for the Greeks and the Poles, and so on. Well, you get them all in one inventory, and you get a whole

lot better management. You do not have to build up port stocks for each of the programs. If we tried to handle them on an individual basis, the pipe line would have absorbed all the food before we got any shipping started. They are all handled together, but it is just a device, Commodity Credit Corporation comes out whole.

Mr. HAYS. What percentage of lend-lease food purchases are made through Commodity Credit Corporation?

Colonel OLMSTEAD. All of them.

Mr. HAYS. All of them?

Colonel OLMSTEAD. Yes, sir.

Mr. HAYS. I believe, Colonel, that the last time I saw you, before this hearing began, was in London?

Colonel OLMSTEAD. Yes.

Mr. HAYS. And I would be interested in what your observation is with regard to the contribution we made to the British allies, both civilian and military. I heard the Deputy Minister of Foods say that they had stepped up their production of foodstuffs through various measures that they resorted to, measures that would be regarded as rather drastic, so that they are now producing 70 percent of their total food requirements.

Colonel OLMSTEAD. In terms of tonnage, though.

Mr. HAYS. In terms of tonnage; yes. They had a marvelous increase over their quotas. As I recall, the figures were first set for 15 percent over the preceding year and then revised to 30 percent, and when the final record was made, they had increased it to 75 percent in many of the important foods. In other words, the generalization would stand that the British have done a marvelous job of adjusting their own agriculture so as to absorb the war requirements' additional war needs. I think it is fair to say that for them, that they have both just said, "Feed us" and "Let America carry this burden." Now, of that remaining 30 percent which must be imported, I have seen somewhere the figure—and I would like to confirm it, if it is true—that only a portion of that has been supplied by our country. In other words, as I remember the figure, it is 10 percent or a third of the 30 percent which comes from America.

Colonel OLMSTEAD. I would like to add to what you just said that I think, in addition to what they have done on production, they have done an admirable job of holding down their own consumption. It is awfully hard for a Government that is responsible to its own people to hold things back from them when they are available, being an import economy, they have the stuff right there; it is visible; people know they have got it and yet they hold down consumption.

Now, out of that 30 percent that is imported, the United States contributes about 8 percent tonnage-wise, but we contribute about 25 percent in terms of nutrition to the British food program. The reason for that is, of course, their tonnage is made up of potatoes and things like that, in great part, and what we ship is highly concentrated food, dried, such as dried eggs, dried milk, frozen meat, and products of that type.

Our contribution to Britain, and I think this is fair to say—represents the margin between success and failure of that country during the war as far as adequate food supply is concerned.

Mr. HAYS. And they have been able to carry on in the factories and civilian enterprises because of what we have supplied them there,

and, of course, not only through food we have actually sent, but through U. N. R. R. A., the farm machinery and fertilizers?

Colonel OLMSTEAD. Yes.

Mr. HAYS. And things of that kind that meant no great sacrifice to us and yet some inconveniences that were justified?

Colonel OLMSTEAD. Yes.

Mr. HAYS. What other countries in addition to America have shared in this contribution to Britain's food supply?

Colonel OLMSTEAD. Canada, Australia, New Zealand, South American countries have supplied a great deal of food. They have been paid for it, of course. There is no mutual aid relationship with them.

The finest thing that I can see in our experience with them in this war, on food, is that we have been able to cooperatively take things that were available wherever they were available and put them where they were needed most in the world to do the best job in the war.

Now; they give us a good deal of stuff, too, and they give it to us on a reciprocal-aid arrangement, and some of the tremendously important, such as cocoa beans and certain fats and oils, palm oil, that sort of thing.

Mr. BROWN. In peacetime what proportion of food does England import?

Colonel OLMSTEAD. I do not know as I recall that figure. I think it is something like 60 percent.

Mr. BROWN. That is my recollection.

Mr. TALLE. I believe England produced about 60 percent of her food in World War I. I would be glad to check that figure, but I think that is what it was.

The CHAIRMAN. Is there any other interrogation?

Mr. HAYS. I would like to round out, while we are dealing with percentages, the figure on American contribution. As I recall it, it runs 2 percent of our total production for Britain.

Colonel OLMSTEAD. Two percent?

Mr. HAYS. Well, now, that is my recollection of Mr. Crowley's figure, and I thought perhaps you might—

Colonel OLMSTEAD. Well, the figure we have had is 12 percent of our food which goes to Lend-Lease over all. Of that, I think England get closer to half than any other figure. I would say that the British services overseas plus Britain, are getting pretty close to 5 or 6 percent of our food.

Mr. HAYS. Well, now, do you have any further comment or would you be interested in enlarging on what has been said about the significance of our Russian contribution? I think the committee was very much impressed with what the Administrator said about the Russian general's comment on the Stalingrad figure, and since you have had an observation there of actual conditions, it seems to me that you are in a peculiarly strong position to comment on the significance of that.

Colonel OLMSTEAD. Well, I was there for about a month. I did not feel competent to write a book about Russia when I got back, but I did hear quite a bit about food.

They, of course, are really in total war. Almost everything in Russia is diverted, and pretty ruthlessly, to the army. The civilian diet, it is almost unbelievable what those people get along on. An ordinary civilian gets black bread and potatoes and cabbage, not too

much of that; one loaf of bread weighing 2.2 pounds about every 2½ to 3 days.

They get about 800 grams of it a day.

One of the best examples that came to my attention of how scarce food is for civilians—a person buys that loaf of bread for 2 rubles under the ration, and can sell it on the black market immediately for 120 rubles. A ruble is worth 20 cents at the official rate of exchange. At the diplomatic rate of exchange, it is 12 rubles to a dollar, so at the lowest rate, it is \$10 for that loaf of bread.

Mr. BUFFETT. They allow black market, do they, there, as a matter of course?

Colonel OLMSTEAD. No; it is illegal in the same sense it is here, but they do not mean the same thing. A civilian goes into a store there and buys something, he takes it out and sells it to another civilian in the street. That kind of black market—the only way you could get that would be to put one policeman with every person and assume that the policeman was not in the black market.

Now the army, however, gets about the same diet as the average United States civilian. They are fed well, relatively, both out of Russia's production and out of the merchandise we send them. The vast majority of what we send them goes to the front. Due to the fact that our own ambassador, at one time, criticized the fact that the Russian people were not fully familiar with lend-lease and did not know what they were getting, the Russians started putting some of the stuff out in stores, and if you go into a food store you find Tushonka packed by American meat packers, and sugar from America, cube sugar particularly. You do not find too much food of any kind, but what is there, the lend-lease food is prominently displayed.

Wherever you go, government officials, peasants on collective farms, are all effusive—more effusive than they have to be—in stating how much they appreciate America's help in the war, particularly with reference to food. All of them have had some of it at one time or another.

The people in the government, an organization called Export Clef, attached to the people's commissariat for foreign trade, handles the imports of food and those fellows lay out a military plan, so many rations for so many soldiers, then they put in their requirements, and with the shortage of all kinds of foods, it is especially significant that they will take the shipping space that they do to ship the food over there from here, leaving lots of other things behind, sometimes even planes and ammunition.

Congressman HAYS, I did not intend to make a speech.

Mr. HAYS. Well, that is exactly what I wanted you to bring out.

Mr. TALLE. Do you think if they cultivate a taste for American foods that we will acquire a permanent market after the war?

Colonel OLMSTEAD. I am glad you asked that. I asked that while I was over there. They would like to have the food. Their people need the food. There is only one catch about it, and that is that they have to pay dollars. They cannot pay rubles. They have rubles but they do not have dollars. They have, they say, no way of getting dollars.

The English say a good deal more about that than the Russians do, but they both pointed out that there are so many barriers to trade that they cannot sell things here and if they cannot sell things here they

cannot get dollars, and if they cannot get dollars they cannot buy food.

Potentially, certainly, there is a market. People in Britain have come to like Spam; people in Russia have come to like American pork Tushanka. They would like to keep getting it. "Tushanka" is canned meat which is packed Russian style. It is pork-shoulder meat put in a can with a bay leaf, and with quite a lot of fat in it. They like that very much because they need lots of fats in the cold weather; but the Congressman asked me if I thought we could develop a market. Well I think we are in about the same shape as the little boys with noses up against the candy-store window, as far as post-war is concerned, they would like to have the food; apparently we would like for them to have it. The only thing that stands between us is finances.

The CHAIRMAN. I suggest you continue to send them the same foods that you have been sending them. It has worked very well.

Mr. TALLE. Have you any recommendation with reference to how that international finance arrangement might be set up?

Colonel OLMSTEAD. Well, sir, I do not think it would be proper for me to make recommendations on a suggestion like that.

Mr. TALLE. Well, perhaps you will let me know privately.

Colonel OLMSTEAD. I will be delighted.

The CHAIRMAN. The committee will adjourn to meet Monday at 10:30.

(Whereupon, at 3:58 p. m. Friday, February 2, 1945, the committee adjourned to reconvene Monday, February 5, 1945, at 10 a. m.)

(It was later decided that the committee would convene in executive session on Monday, February 5, to consider the bill.)

(The following statements were later received for inclusion in the record:)

STATEMENT OF FRED BRECKMAN, WASHINGTON REPRESENTATIVE OF THE NATIONAL GRANGE, BEFORE HOUSE COMMITTEE ON BANKING AND CURRENCY ON H. R. 1450, CONTINUING COMMODITY CREDIT CORPORATION

Under prevailing conditions, the Commodity Credit Corporation is an indispensable agency of the Government, and it is essential to the war effort that it should be adequately financed so that it may properly perform the functions devolving upon it.

H. R. 1450, the bill before the committee, would extend the life of the Corporation to June 30, 1947, or an additional period of 2 years.

One of the proposals contained in the bill is that the borrowing power of the Corporation be expanded from \$3,000,000,000 to \$5,000,000,000.

This measure would authorize the War Food Administrator to sell at a price below parity, or the comparable price, any stocks of nonbasic perishable commodities when there is danger of loss or waste through spoilage. It is stipulated that so far as practicable these sales shall be made in such a way as to both increase consumption and to prevent the depression of farm prices.

It is necessary that these provisions be considered in connection with the Agricultural Appropriation Act of 1945, which is now in effect. The act in question authorizes the sale below parity of any commodity which has deteriorated, or, in the case of perishable fruits and vegetables, if there is danger of deterioration, or the accumulation of excessive surpluses.

The Commodity Credit Corporation is likewise authorized by the Agricultural Appropriation Act of 1945 to dispose of its stocks below parity commodities used for feed, seed, or for the extraction of peanut oil, or for byproduct uses. However, wheat may not be sold below the parity price of corn.

The bill before the committee removes existing limitations on the amount of cotton which may be sold in any one month or year. This suspension is to be made effective for at least 2 years after the termination of the war.

The Commodity Credit Corporation is primarily a financing institution, making loans to farmers on commodities stored on farms and in warehouses, and in

supporting prices to promote increased production of farm commodities for war needs. Loans to farmers are intended to protect farm income, stabilize agricultural prices, and to assure adequate supplies of farm products.

To prevent a repetition of the disastrous experience that befell American agriculture after the close of World War I, Congress enacted legislation placing a floor under farm prices for 2 years after the termination of hostilities. This floor is placed at 90 percent of parity and applies to all basic commodities with the exception of cotton, where the figure is 95 percent.

In addition to the basic commodities, corn, wheat, cotton, tobacco, rice, and peanuts, price supports are also provided for nonbasic agricultural commodities concerning which the Secretary of Agriculture has asked for expanded production to meet the war emergency. This group of commodities includes hogs, chickens, eggs, turkeys, butter, certain varieties of dry peas, dry edible beans, soybeans, peanuts and flaxseed for oil, American-Egyptian cotton, potatoes, and cured sweetpotatoes.

Price-support programs are also being carried out with respect to wool, naval stores, American hemp, sugar beets, sugarcane, black-eyed peas, beans, certain fruits and vegetables for processing, barley, grain, sorghums, sea-island cotton, certain vegetable seeds, clover seed, and hay and pasture seed.

The price supports provided in the programs of the Commodity Credit Corporation have, on the whole, produced splendid results. Considering the magnitude of the operations involved, these price supports have entailed comparatively small outlays on the part of the Government.

A prime essential in the successful prosecution of the war is an adequate supply of food. There is no doubt whatever that our system of price supports has greatly helped to meet production goals. Farmers have been encouraged to produce to the limits of their capacity, knowing that there was need for all the food that could be grown and that they would be protected against loss. Under these circumstances, notwithstanding that more than 4,000,000 workers left our farms during the past several years to enter the war industries and the armed services, those who remain to till the soil, aided by favorable weather conditions, have wrought one of the greatest production miracles of all time. In 1943, our food production was 29 percent above the 5-year pre-war average, while last year this increase was placed at 33 percent. Each year for the past 6 years the all-time high record of the previous year was eclipsed. We are now producing 50 percent more food than we did during any year of World War I.

The production records established by American agriculture during these war-time years is all the more remarkable when it is remembered that, in addition to the shortage of labor, our farmers have, on the whole, been handicapped by lack of machinery and supplies, together with inadequate transportation facilities, largely due to the need of conserving motor fuel for war purposes.

Fortunately, we have had no general crop failures since the United States entered the war. Broadly speaking, weather conditions have been very favorable. However, according to the law of averages, we cannot expect this to continue indefinitely. No stone should, therefore, be left unturned to assure an adequate food supply.

Referring to section 6 of the bill before the committee, perhaps it would be well to extend the life of the Commodity Credit Corporation for 1 year only after June 30, 1945, and to reduce the proposed expansion of the borrowing power of the Corporation proportionately. At the end of another year it would be possible to estimate more accurately than at present the amount by which the borrowing power of the Corporation should be enlarged.

While support prices intended as an incentive to production and to safeguard agriculture against loss can be defended as a sound business proposition, with farmers working under ceilings imposed by the Office of Price Administration, the Grange is strongly persuaded that neither the funds of the Commodity Credit Corporation nor those of any other agency of the Government should be expended in paying consumer subsidies under present conditions. However, with the national income reaching the unprecedented total of approximately \$150,000,000,000 a year, and with the buying power in the hands of consumers far in excess of the supply of consumer goods, we have inaugurated a policy which results in holding the prices on various commodities below the cost of production, and then making cash payments to farmers to enable them to continue in business.

The Grange regards this whole program as unsound and degrading. While, in reality, the subsidy is paid for the benefit of the consumer, the stigma of drawing money out of the Treasury attaches to the farmer, who is helpless because the Office of Price Administration has placed ceilings upon his products that are

admittedly below cost of production. The self-respecting farmers of the country naturally prefer compensatory prices in the market place for their products rather than Federal hand-outs, which make them appear like wards of the Government.

We are aware that, theoretically, the present plan represents an attempt on the part of the Government to prevent inflation. The theory is that by keeping food costs below the cost of production, advances in wages, which would have an inflationary effect, may be held in check, but this overlooks the fact that the money needed to pay subsidies is borrowed money, and it cannot be too strongly emphasized that increasing the public debt infallibly has an inflationary effect.

As of January 30, 1945, the public debt of the United States, together with guaranteed obligations, amounted to \$233,711,000,000, an increase of \$59,620,000,000 during the preceding year. Placing our population at 138,000,000, and reducing the debt to a per capita basis, gives us \$1,693 for each man, woman, and child, or \$6,772 for an average family of four. In view of these colossal figures, we do not believe that it is in accord with sound public policy to pursue a program which unnecessarily increases the public debt.

The fact is that earnings of industrial workers have increased much faster than the cost of living, as is shown by the figures contained in the following table, based on information compiled by the Bureau of Agricultural Economics:

Comparative changes in costs of living and income of industrial workers, 1935-39 to November 1944

	1935-39	January 1941	November 1944
Cost of living.....	100	100.8	126.5
Food costs in costs of living.....	100	97.8	136.5
Living costs other than food.....	100	102.3	121.3
Hourly earnings of factory workers.....	100	112.7	¹ 170.2
Wage income per industrial worker.....	100	118.7	203.8

¹ October.

It is estimated that the accumulated savings of the people today aggregate approximately \$125,000,000,000, and there is no need for the payment of consumer subsidies so far as the overwhelming majority of the people are concerned. However, we do not advise the complete abandonment of the subsidy program immediately. Having embarked upon this unsound policy we should try to gradually extricate ourselves in a manner that will not give too great a shock to our economy.

Neither the Commodity Credit Corporation nor any other agency of the Government should be permitted to subsidize consumers unless such payments have been specifically authorized by Congress.

STATEMENT OF EDWARD A. O'NEAL, PRESIDENT, AMERICAN FARM BUREAU FEDERATION, BEFORE HOUSE BANKING AND CURRENCY COMMITTEE, ON H. R. 1450, TO CONTINUE THE COMMODITY CREDIT CORPORATION

Farmers are confronted with probably the most difficult year of the war. For 4 successive years they have produced record-breaking supplies of food to meet the needs of our armed forces, our allies, and our civilian population. Despite an acute shortage of manpower, and shortages of farm machinery and other farm supplies, and despite many hampering and discouraging restrictions that have been imposed from time to time, farmers have made a phenomenal record.

Total farm production in 1944 was 21 percent higher than during the pre-war period 1935-39. Yet there were 4,748,000 less persons living on farms than there were in 1940. In fact, there were fewer hired and family workers on the Nation's farms on January 1 than on that date during the past two decades.

Farmers have been able to produce these record-breaking supplies of food only by toiling longer hours; by utilizing large numbers of elderly people, women, and children; and by increasing their efficiency. There have been no strikes or slow-downs on the farm-production front. Farmers do not have a 40-hour workweek, with time and a half for overtime and double pay for Sun-

days and holidays. According to reports published by the Bureau of Agricultural Economics, in 1944 farm operators throughout the United States averaged 12.1 hours per day as of September 1, and 10.8 hours per day around the 1st of December; and hired workers averaged 10 hours per day on September 1, and 9.3 hours per day on December 1. Thus, even in the less-busy season of December, the average farm operator worked more than 60 hours per week, not counting any work on Sunday; and anyone familiar with agriculture knows there is considerable work to be done on Sunday on the farm—especially on livestock and dairy farms.

This means that many farm operators were working as high as 80 hours per week. The average workweek in all manufacturing industries in September 1944 was 44.9 hours per week. In the face of these conditions, farmers have been requested recently in the food goals issued by the War Food Administration to increase their total production in 1945 by approximately 9,000,000 acres.

I am sure that every farmer is going to do his utmost to meet these food production goals, but the American people need to understand more fully the difficult job which the American farmer has to do.

One thing that governmental officials sometimes overlook is the increased cost of production which results from utilizing a larger number of inexperienced workers and elderly people, women, and children for farm work whose output necessarily is less than that of skilled able-bodied workers.

It has been difficult to get the officials responsible for the determination of price ceilings to understand fully the farmers' production problem and to adjust price ceilings so as to get the maximum production. In a number of instances, price ceilings have been fixed at levels which are below the support prices the War Food Administrator determined was necessary in order to secure adequate production of food. In other cases, price ceilings have been fixed in such a manner as to discourage the maximum output of food. When Congress takes up legislation to continue price control and wage stabilization, we hope that these matters will be properly clarified.

The Bankhead mandatory Commodity Loan Act of 1941, as amended, and the Steagall Act of 1941, as amended—both of which were advocated and supported by the American Farm Bureau Federation—have served as the framework of the wartime food-production program, and have brought about magnificent results. By putting floors under farm prices, these measures have enabled farmers to go ahead with confidence on an all-out program to produce the food and fiber required for the war effort. The record speaks for itself.

The Commodity Credit Corporation is the instrumentality utilized by the War Food Administration to provide commodity loans on basic commodities and to carry out necessary price-supporting operations to make good on the price guarantees for non-basic commodities under the Steagall Act of 1941.

It is therefore imperative to continue the Commodity Credit Corporation to enable the Government to make good on its price-support guarantees to farmers. Otherwise, the entire food-production program would break down.

The Commodity Credit Corporation is not only essential to the wartime food-production program, but it will also be vitally needed in the post-war period to help safeguard farm prices during that period. Farm prices must not be permitted to collapse as they did following World War No. 1, when the bottom dropped out of farm prices. For 20 years thereafter farmers were on a basis of inequality with industry and labor. The collapse of farm prices and farm-purchasing power ultimately brought ruin to the rest of the Nation.

At this point I would like to insert in the record a copy of the resolutions on the national farm program and inflation control and price control, which were adopted by voting delegates from 45 States at the last annual meeting of the American Farm Bureau Federation in Chicago on December 14, 1944. I quote the following statement from the resolution on inflation control and price control:

"We urge the continuation and strengthening of the Commodity Credit Corporation as a constructive means of handling the surpluses and effecting price supports."

The life of the Commodity Credit Corporation expires on June 30, 1945, unless Congress enacts legislation to continue it. We therefore urge enactment of legislation extending the life of the Commodity Credit Corporation and providing adequate funds to enable it to make good on its price-support guarantees to farmers under the terms of the Bankhead Commodity Loan Act, as amended, and the Steagall Act, as amended.

With respect to the provisions of the Spence bill (H. R. 1450), we wish to respectfully submit the following comments and recommendations:

1. *Amount of funds.*—Section 1 increases the maximum borrowing authority of the Corporation from \$3,000,000,000 to \$5,000,000,000—an increase of \$2,000,000,000. We favor the provision of adequate funds to enable the Corporation to carry out its price-supporting responsibilities under existing legislation. We have not had any opportunity to study the estimates or the supporting data for these estimates, which make up this request for an additional \$2,000,000,000, and are therefore not in a position at this time to advise as to the exact amount of money which is required. We believe the total funds should be limited to the amount of justifiable need to carry out the Corporation's price-supporting responsibilities under existing laws. We are opposed to the use of any funds of the Corporation for consumer subsidies and we oppose the provision of any funds for that purpose.

2. *Sales to prevent spoilage.*—The provision in section 2 authorizing sales below parity prices in order to prevent losses or waste through spoilage appears to be a reasonable one. It is our understanding that it is the intent of this provision to limit such sales to prevent actual loss or waste through spoilage.

In order to assure that there will be no misunderstanding, it may be desirable to clarify the language of this provision, by striking out the words in lines 2 and 3, page 2, "such stocks of such commodity"; and in line 4, after the word "therefore" insert "such quantities of such stocks as may be necessary to avoid loss or waste through spoilage." The purpose of this language is to make it clear that whenever there is danger of spoilage of the stock of a commodity, that only that portion of the stock in danger of spoilage would be sold.

3. *Suspension of limitation on cotton sales.*—Section 3 of this bill would suspend until the expiration of 2 years after the termination of the existing emergency the present restriction against the Commodity Credit Corporation of selling not more than 300,000 bales of cotton in any calendar month, or more than 1,500,000 bales in any calendar year.

We see no objection to this suspension under present conditions, if the other provisions of law for the protection of farm prices are retained, and particularly the provision now contained in the Agricultural Appropriation Act which prohibits sales of agricultural commodities below parity.

4. *Exemption from Taft amendment.*—Section 4 exempts the operation of the Commodity Credit Corporation from the Taft amendment in the Stabilization Extension Act of 1944 (last paragraph of sec. 2e). This provision in the Stabilization Extension Act reads as follows:

"After June 30, 1945, neither the Price Administrator nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing directly or indirectly the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose; and appropriations for such purpose are hereby authorized to be made."

It is our understanding that the purpose of this exemption in the Bankhead bill is to assure that the Commodity Credit Corporation can go ahead with its price-supporting responsibilities and operations, and be in a position to assure farmers in advance of the planting season that the Corporation will have sufficient funds and authority to make good on its price-supporting guarantees at harvest time next fall. We agree that it is vitally important that farmers have proper assurance that the Commodity Credit Corporation will be able to make good on its price-support guarantees which it has announced, but the situation is complicated by the fact that the Office of Price Administration has placed in effect price ceilings on some agricultural commodities at levels below the support prices to farmers, or at levels which will not permit processors or distributors to reflect the support prices to farmers without subsidy payments. In such instances, the losses or payment resulting therefrom obviously are in the nature of consumer subsidies in order to avoid passing on this increased cost to consumers. The situation is further complicated, by the fact that the Stabilization Extension Act, which includes the Taft amendment, expires on June 30, 1945.

At this point I wish to make clear that the position of the American Farm Bureau Federation with respect to consumer subsidies is unchanged. I quote the following excerpt from a resolution adopted at the last annual meeting of the federation in Chicago on December 14, 1944: "We reaffirm our unalterable opposition to subsidies in lieu of fair prices in the market place."

We hope that Congress will take appropriate action to eliminate such subsidies and to require appropriate adjustments in price ceilings which will make such subsidies unnecessary. We recognize, however, that it is the responsibility of Congress to determine what legislative procedure will best accomplish this objective.

At this point I wish to point out that it is exceedingly important for the public to understand the difference between losses which arise as an incidental result of price-supporting operations under the Bankhead Act and the Steagall Act, and consumer subsidies to which I have referred. The losses of the Commodity Credit Corporation resulting from true price-supporting operations are incidental losses incurred because of unforeseen surpluses of agricultural commodities which temporarily depress market prices below support prices, and because of the necessity of the Corporation having to step into the market and purchase a part of the surpluses and remove them from market channels in order to make good on its price-supporting guaranty. In such instances the farmer has done his part by producing adequate supplies to meet the consumer requirements, but due to unforeseen weather conditions or other factors beyond the control of the individual farmer, the total supply temporarily may be in excess of immediate requirements, and there may be some temporary losses incurred.

On the other hand, consumer subsidies are outright gifts out of the Public Treasury to the consumer, and are made for the purpose of avoiding increased prices in the market place to the consumer. It is admitted that the prices to farmers must be maintained in order to offset increased costs and to get the necessary production, but instead of passing on this increased cost to the consumer in the form of market prices, this additional cost is absorbed by the Government by the use of borrowed funds of the Commodity Credit Corporation or the Reconstruction Finance Corporation.

With national income at a \$1 0 000 000,000 level—the highest on record, and approximately double the pre-war national income—it cannot reasonably be argued that the consuming public is unable to pay these increased costs which, in the aggregate, would amount to between one and two billion dollars, which is only about 1 percent of the national income, and only between 1 and 2 percent of the total wage income.

5. *Appraisal of assets and liabilities.*—Section 5 of this bill changes the date for appraisal of the assets and liabilities of the Corporation to June 30 instead of March 31, and utilizes the average market price during the last month of the fiscal year instead of the preceding 12 months. We see no objection at this time to these proposed changes.

6. *Date of extension.*—Section 6 of the bill extends the termination date from June 30, 1945, to June 30, 1947. We believe it is desirable to have a congressional review of the operations of the Corporation at reasonably frequent regular intervals. On the other hand, a reasonable degree of continuity of policy is desirable in order that farmers can make their farm-production plans accordingly. We, therefore, believe that a 2-year extension is a reasonable provision.

In conclusion, we favor continuation of the Commodity Credit Corporation, with adequate funds to carry out its legitimate price-supporting responsibilities under the mandatory commodity-loan legislation and under the Steagall Act; but we are not willing to support the proposed exemption from the so-called Taft amendment unless there is a definite agreement to provide appropriate mandatory provisions in legislation extending existing price-control legislation, which will bring about the elimination of consumer subsidies and which will require corresponding adjustments in maximum prices on such agricultural commodities.

It is not sufficient to eliminate consumer subsidies. Unless corresponding increases are made in maximum prices farm producers will be heavily penalized because they will lose the subsidies without any corresponding compensation in price. In some areas dairymen are already dependent upon subsidies for about one-fifth of their total income. Obviously, it would be ruinous to eliminate these subsidies without corresponding price adjustments.

We believe that a reasonable and equitable plan can and should be developed and carried out which will provide for the gradual elimination of consumer subsidies, with corresponding price adjustments. Necessarily a reasonable period of time should be allowed for such readjustments.

STATEMENT OF DONALD MONTGOMERY IN SUPPORT OF H. R. 1450 CONTINUING THE COMMODITY CREDIT CORPORATION AND INCREASING ITS CAPITAL

My name is Donald Montgomery, consumer counsel of the United Automobile Workers, Congress of Industrial Organizations, and chairman of the Congress of Industrial Organizations cost of living committee. The Congress of Industrial Organizations has directed me to appear in support of H. R. 1450 to continue the Commodity Credit Corporation and to increase its borrowing power from three to five billion dollars.

As representatives of millions of workers in the factories of America, we support this measure because we believe it is necessary as an aid to continued production of farm products at a high level, because we believe it furnishes necessary assistance to the price-control program, and because we believe it is necessary for carrying out the pledge which the Congress has made to the farmers of the country.

American agriculture recently determined its goals for crop production in 1945. In setting those goals it was faced with the choice of continuing farm output at the high level reached during the last 3 years or of reducing production in the face of possible decline in demand for farm products during the next marketing year. It decided wisely and courageously in favor of continued high production. We believe that in so doing it rendered a patriotic service to the people of this country and to the people in liberated countries abroad. This bill, which will guarantee continued price support on that large output, is a companion measure to the decision which the farmers made in setting their 1945 goals. The country owes them the safeguards embodied in this bill in return for the service they have been performing and will continue to perform producing the food and fibers we need.

Higher prices which have been paid for farm products during the war have presented a problem with respect to price control. Payments and loans on farm products which this bill authorizes have contributed substantially to maintaining price control, while assuring at the same time satisfactory prices to producers. It is, therefore, a companion measure to the Economic Stabilization Act and should be continued along with that act so that high farm output and stabilization of food prices may both continue.

In the act of October 2, 1942, the Congress authorized continued support of the prices of basic crops and proclamation crops for a period of 2 calendar years following the termination of hostilities. This measure gave a pledge to farmers that their efforts to increase production now would not be rewarded later with disaster in the markets for their products. The bill before you is a companion measure to the pledge which the Congress on behalf of the Nation has given to the farmers. That pledge must be fulfilled.

During the past year elected officers of our unions have been asked by farm organizations to meet with them to discuss the problems of post-war which they face and we face, and to inquire how their post-war objectives and ours may be brought into harmony and made mutually helpful. Through such discussions we have become familiar with the problems which farmers have met and overcome in getting out their large wartime crops. We find how substantially the output per person working on farms has increased above pre-war years. We find how closely this increase in productivity of farm manpower and of the farm plant parallels the increases that have taken place in the Nation's industrial plants. We find, consequently, that farmers and factory workers are similarly faced with a choice that must be made when war ends. Shall we insist that the production of the goods of life be maintained at the high level which the war has shown to be possible, or shall we permit farms and factories once again to seek to become prosperous through scarcity—through attempts to curtail output artificially?

These discussions are proving to both of us, we believe, that if either the farms or the factories are to produce at full capacity, the other must do likewise. We don't believe we can maintain national security or well being on a half-prosperous half-poverty basis, or that one part of the economy can pursue abundance if the other half seeks the goal of controlled scarcity. We know, of course, because experience has proved it, that if scarcity is the game that is to be played after the war, industry will play it only too well, while agriculture will continue to produce large crops even though farm income goes down to poverty levels. We know what that will mean to farmers and we accept the responsibility for insisting that industry shall not follow this scarcity route to a false prosperity.

Because farms and factories must both follow a program of full production in order that they shall be assured of a market for their output, we on the factory side have a direct and personal interest in the maintenance of full farm production at prices profitable to farmers. That is why we support this bill. It underwrites the high farm output set forth in the 1945 goals. It assures that prices on that production shall provide good returns to farmers. It assures, therefore, that the farm share of national income will be protected into the future when, with the decline in Government spending, farm income becomes a vital part of the national purchasing power that will make full employment at high wages possible.

A great many of the workers of this country both on farms and in factories know that good incomes from farming and good incomes from jobs in factories are complementary not competitive. One group cannot prosper unless the other does. We believe that the Commodity Credit Corporation bill contributes toward that result for farmers and for wage earners.

We respectfully request your committee to approve this bill.

STATEMENT OF CHARLES W. HOLMAN, SECRETARY, THE NATIONAL COOPERATIVE MILK PRODUCERS FEDERATION, WASHINGTON, D. C.

The National Cooperative Milk Producers Federation, now in its twenty-ninth year, has 71 members, each of which is a bona fide farmer-owned and controlled dairy cooperative. A number of these members have numerous subaffiliated associations. The total membership strength consists of over 300,000 farm families residing in 44 States. These farm families own the organizations which in turn are affiliated with the national federation.

In discussing certain provisions of H. R. 1450, let me make it clear that our people continue to be unalterably opposed to governmental subsidies with respect to great agricultural commodities, such as milk and its products, in lieu of fair prices as a means of providing the farm income necessary to promote the production of food and fibers needed in the prosecution of this war. We are now forced to proceed on the assumption that subsidization has become the established principle and policy of both the administration and the Congress with respect to dairy farm income. It will be recalled that at no time has the administration receded from its insistence upon the use of subsidies and the Congress has acted only to prohibit subsidies except when it has expressly authorized them.

I will, therefore, deal with this bill realistically in the light of legislative history.

1. We approve enlarging the credit of the Commodity Credit Corporation by \$1,500,000,000, as provided for in the bill.

2. We oppose section 2 of the bill which, insofar as the Commodity Credit Corporation is concerned, makes an exception of its operations in relation to section 21 of the Surplus Property Act of 1944 which forbade any Government agency to sell certain farm commodities in its possession at less than 90 percent of parity or the current market price, whichever might be the higher.

The exception provided for in section 2 of H. R. 1450 would be particularly dangerous to the welfare of dairy farmers since throwing on the domestic market a relatively small amount of dairy products at any time below current prices would have a disastrous effect upon price returns and in some instances the shake-down in price which might be caused by such action would be irreparable. The fact that section 2 provides a minimum price of parity mitigates only slightly the injury as compared with the 90 percent of parity provided for the Stagall commodities. Should dairy products be dumped upon the market by the Commodity Credit Corporation at parity, the drop in price would be 28 percent on milk and 23 percent on butterfat, with butter, cheese, evaporated milk, and the dried milks taking comparable price drops.

In this connection may I point out that much of the butter and evaporated milk in Government hands carries private brands upon the individual packages. The sale of deteriorated products upon the open market at prices under those customarily obtained for high-quality products would injure the good will developed in the public mind for these products and in some cases would bring the makers of these products subject to prosecution by the inspection authorities of the Federal Government. I need only recall that some months ago we faced a similar situation when it was proposed that 20,000,000 pounds of branded butter which had deteriorated in Government hands be offered to the public. This un-

wise move fortunately was checked by the combined efforts of the dairy industry. Had it not been checked not only would the butter have been subject to seizure and prosecution by the regular Federal investigators but in many cases the Office of Price Administration enforcement authorities would have started suits against the innocent butter manufacturers. We, therefore, ask that this section be eliminated. If the committee finds it necessary to make some modifications of the McKellar-LaFollette prohibition in section 21 of the Surplus Property Act of 1944, we urge that protection be afforded to dairy products by adding at the end of section 2 of this bill the following language: "Provided, That milk and its products shall not be sold at less than the prevailing market prices."

Such language is important because from time to time the Commodity Credit Corporation, its subsidiaries or related agencies have made loans running into millions of dollars on dairy products. In 1938 when the Corporation was supporting butter prices at only 76 percent of parity, the amount of butter which they controlled, if translated into current prices would approximate \$50,000,000. We anticipate that in the surplus-production period of this year, which is only 60 days away, the Corporation will find it necessary to take off the market huge quantities of evaporated milk and dry milk. Possession of those commodities, unless moved into foreign channels, will at once become a downward price-making factor with regard to all manufactured dairy products on the domestic market. I need only recall that under conditions of free competition before the Congress wisely placed a fairly adequate tariff upon nearly all dairy products, the arrival of one shipload of butter from a foreign country would often cause a break in the farm price of butterfat as much as 5 percent a pound for 5 to 6 days.

3. We oppose section 4 of the bill which nullifies the force and effect of the Taft amendment to section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944 with respect to operations of the Commodity Credit Corporation "designed to support prices or obtain production of agricultural commodities, or to absorb abnormal costs in connection with the transportation of agricultural commodities and foods." This plainly exempts the operations of the Corporation with respect to the use of subsidies in that the Corporation will not have to obtain the necessary funds from the Congress for specific purposes. In lieu of that section we urge the adoption of section 4 of S. 298 as reported by the Senate Committee on Banking and Currency modified somewhat as to the amounts allowable for subsidies to obtain dairy production based upon a careful study by our organization of the amount necessary to maintain during the next fiscal year the same rate of payments which prevailed on the average during the last 9 months of 1944 together with a compensatory additional payment to producers of separated cream in order to rectify certain inequalities which have prevailed in the Government's production payment program to obtain dairy production. Below is a text of section 4 of the Senate bill as it is proposed to be modified by us:

"SEC. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946; *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, for the purpose of maintaining maximum prices established pursuant to provisions of the Emergency Price Control Act of 1942, as amended and supplemented, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) ~~[\$250,000,000]~~ \$274,000,000 for operations during the six-month period ending December 31, 1945, with respect to the dairy production payment program, (2) \$60,000,000 for operations during the six-month period ending December 31, 1945, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations. Should hostilities in the present war extend beyond December 31, 1945, such dairy production payment program and other noncrop program operations involving such subsidy payments and losses may be continued on a basis which, taking into account seasonal variations in rates and production, will not involve such subsidy payments and losses in excess of ~~[\$250,000,000]~~ \$294,000,000 for operations during the six-month period ending June 30, 1946, with respect to the dairy production pay-

ment program, or \$60,000,000 for operations during the six-month period ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program: *Provided, however,* That if hostilities cease before June 30, 1946, no additional obligations provided for in this sentence may be incurred by the Commodity Credit Corporation with respect to such programs after the date on which hostilities cease."

The committee will note that we have suggested an increase of \$68,000,000 over the Senate committee bill making a total of \$568,000,000 which we believe is absolutely essential to obtain adequate dairy production. In arriving at this figure, we have calculated the cost on the basis of the 1945 goal of 120,582,000,000 pounds of milk. If we are not to receive this amount of money in the form of increased prices, we believe that it is necessary to continue milk payments at the annual rates in effect since last May. We believe it impossible to encourage milk production by equalizing milk and butterfat payments by juggling downward the payments on whole milk. That method is equivalent to "robbing Peter to pay Paul."

We have calculated the cost of dairy production payments for the year ending June 30, 1946 as follows: Milk payments, 71,100,000,000 pounds at 58.5 cents per hundred, \$416,000,000; butterfat payments, 1,145,000,000 pounds at 13.28 cents per pound, \$152,000,000; total, \$568,000,000.

In the calendar year 1944 a total of \$385,000,000 was expended for dairy-production payments. The difference between \$568,000,000 and \$385,000,000 is made up of several elements as follows:

1. In 1944, many producers did not collect the payment for which they were eligible. The milk payment uncollected on about 5,660,000,000 pounds of milk was----- \$28, 900, 000
The butterfat payment uncollected on about 402,000,000 pounds of butterfat was----- 29, 400, 000
2. If 1945-46 production equals the 1945 production goal, sales of whole milk will be 1,600,000,000 pounds larger than in 1944, increasing the milk payment by----- 9, 400, 000
3. Payments rates during January through April 1944 were below the rates in effect since May 1, 1944. The increase, on an annual average basis, was 6.8 cents per hundredweight for milk and 1.01 cents per pound for butterfat for a total cost of----- 58, 800, 000
4. Butterfat rates should be increased to remove discrimination. The proposed butterfat rate will average 4.93 cents per pound higher than the current rate for a total cost of----- 56, 500, 000

Total of additional costs in 1945-46 over amounts paid in 1944	183, 000, 000
Total amounts paid in 1944	385, 000, 000

Total costs in 1945-46	568, 000, 000
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No. 4. We have no objection to extending the life of the Commodity Credit Corporation to June 30, 1947, as this Corporation is absolutely vital to the welfare of agriculture in war and depression periods. It seems to us quite likely that before the war is over the Corporation will again have to go to Congress for further extension of its credit which would give an opportunity for the Congress to reappraise its work and pass any amendatory legislation which might seem desirable at that time.

RECONSTRUCTION FINANCE CORPORATION,
Washington, D. C., February 3, 1945.

HON. BRENT SPENCE,

Chairman, Banking and Currency Committee,

House of Representatives, Washington, D. C.

DEAR MR. SPENCE: This is in response to your request for information concerning the amount paid out during the calendar year 1944 by Defense Supplies Corporation under the meat, butter, and flour subsidy programs. The aggregate amount for the calendar year on these three programs was:

Meat	\$449, 396, 484. 60
Butter	75, 305, 770. 17
Flour	86, 145, 457. 32

Total	610, 847, 712. 09
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Very truly yours,

JOHN D. GOODLOE, *General Counsel.*

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OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 19

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 2, 1945, for actions of Thursday, February 1, 1945)

(For staff of the Department only)

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SENATE

COMMODITY CREDIT. Banking and Currency Committee reported with amendments S.298, to continue CCC as a U.S. agency, increase its borrowing power, revise the basis for annual appraisal of its assets, etc. (S.Rept. 32) (p. 701).

FARM PROGRAM. Sen. Capper, Kans., inserted the Kansas Board of Agriculture's resolutions concerning the western-farm program, and including such subjects as: policy making, world trade in wheat, world administration, filled milk, farms for veterans, Missouri basin development, water utilization, highways, flour enrichment, butter, predatory animals, and daylight saving (pp.700-1).

LOAN AGENCIES. Passed, 74-12, S. 375, the George bill, separating certain Federal lending agencies from the Department of Commerce (pp. 707-20). Agreed to Sen. Byrd's amendment as modified by Sen. Russell's amendment to provide for GAO audit for all Government corporations, "provided, That by agreement between the General Accounting Office and said corporation the expenses of said audit may be paid from funds of such corporation" (pp. 714-20). Sens. Byrd, Russell, Vandenberg, and others discussed the proviso (pp. 719-20).

NOMINATION. Agreed to Sen. Barkley's (Ky.) motion to postpone consideration of the nomination of Henry A. Wallace to be Secretary of Commerce until Mar. 1 (p. 722).

Sen. Aiken, Vt., inserted a Vermont Farm Bureau telegram favoring the separation of RFC from the Department of Commerce and the nomination of Henry A. Wallace to be Secretary of Commerce (p. 700).

EDUCATION: COMMUNICATIONS. Passed without amendment S. 63, to amend the Communications Act so as to prohibit interference with the broadcasting of noncommercial cultural or educational programs (pp. 725-6).

ST. LAWRENCE WATERWAY. Sen. Aiken, Vt., inserted a Burlington C of C resolution favoring this project (p. 700).

7. PATENTS. Agreed to Sen. Pepper's (Fla.) request to have the National Patent Planning Commission report on Government-Owned Patents and Inventions of Government Employees and Contractors printed as a Senate document (p. 704).
 8. BANKING AND CURRENCY. Sen. Vandenberg, Mich., urged early Banking and Currency Committee action on his proposal to increase from \$100,000 to \$300,000 the exemption from SEC regulations for the registration and control of the issuance of securities (p. 730).
 9. ADJOURNED until Mon., Feb. 5 (p. 730).
- HOUSE
10. PENALTY MAIL. Received from the Acting Postmaster General a report of the estimated number of pieces of matter mailed free of postage under the penalty privileges during the quarter ended Sept. 30, 1944. To Post Offices and Post Roads Committee. (p. 771.)
 11. FOREIGN SERVICE; PERSONNEL. Foreign Affairs Committee reported with amendment H.R. 689, to enable the State Dept. to carry out its responsibilities, to strengthen the Foreign Service, permitting fullest utilization of available personnel and facilities of other Federal agencies and coordination of activities abroad under a U.S. Foreign Service unified under the Department of State (H. Rept. 51)(p. 772).
 12. HEALTH. Received the annual report of the Public Health Service for the fiscal year 1944. To Interstate and Foreign Commerce Committee. (p. 772.)
 13. FARM LOANS. Received an Alamo National Farm Loan Association petition opposing H.R. 667, relating to the disposition of mineral rights to any land acquired by any Federal land bank or by the Land Bank Commissioner through the foreclosure of any mortgage. To Agriculture Committee. (p. 773.)
 14. NATIONAL SERVICE. Passed, 246-165, as reported, the May bill, H. R. 1752, after rejecting, 183-230 Rep. Short's (Mo.) motion to recommit the bill (pp. 733-70). Rejected, 71-205, Rep. Voorhis' (Calif.) substitute amendment which included a provision designed to eliminate "the hoarding of manpower by the Government" (pp. 735-58). Rep. Andresen, Minn., stated, "Instead of demanding the passage of this bill, the Executive Department should do some house cleaning as an example for industry" (p. 756).
 15. LEGISLATIVE PROGRAM. Majority Leader McCormack announced that the farm-census appropriation bill will be considered next Tues., after which the independent offices appropriation bill will be in order (pp. 771-2).

BILLS INTRODUCED

16. MARKETING AGREEMENTS. S. 427, by Sen. Cordon, Oreg., and H. R. 1922, by Rep. Lea, Calif., to amend the Agricultural Marketing Agreement Act so as to permit orders relating to hops. To Agriculture and Forestry Committee. (p. 702.)
17. TRANSPORTATION. S. 432, by Sen. Shipstead, Minn., to increase the period of limitation on actions against railroad carriers for recovery of overcharges from 2 to 4 years. To Interstate Commerce Committee. (p. 702.)
18. FARM LOANS. S. 433, by Sen. Shipstead, Minn., to amend the National Housing Act so as to eliminate the requirement that not less than 15 percent of the

the whole world and lose its rightful heritage through impoverishment?

"FILLED" MILK

We hail as epochal the recent unanimous decision of the United States Supreme Court in upholding the State supreme court and the Kansas dairy law prohibiting sale within the State of milk in which vegetable oils have been substituted for natural butterfat. The successful prosecution of this case by the State board of agriculture gives a needed sense of security not only to dairy investors everywhere but as well to public health.

FARMS FOR RETURNING WAR VETERANS

Much is currently being said about establishing returning servicemen on farms. Such cases must, of course, be handled individually, but we think it prudent to warn that there is no new land not already included in our farms and that in general men and boys of farm background and experience will have the greatest chances of making a success of this vocation.

MISSOURI BASIN DEVELOPMENT

We endorse the proposed development of water resources in the Missouri River Basin under plans prepared and works constructed and operated by existing Federal agencies—the Army engineers and United States Bureau of Reclamation, in cooperation with the several States, all of which are directly responsible to the people for their actions in these matters, and thus hold inviolate the fundamental principles upon which our federation of States was founded.

WATER USE

There is urgent need for legislation that provides a system for appropriation of water for beneficial purposes. A recent court decision left Kansas without any effective statutory procedure for the appropriation of water and without administrative procedure for the initiation and perfection of water rights.

We appreciate the work done by the Governor's committee on appropriation of water in studying this matter, and ask that the committee's proposed legislation be introduced into the legislature after the public has been informed of the provisions of the proposed bill, such publicity to be made through the Kansas press.

ROADS AND HIGHWAYS

Under war stress it has been impossible to keep Kansas roads and highways up to their normal condition or to add to the mileage already improved. We favor prompt, long-time planning to the end that these arteries of commerce be restored, extended, and made adequate and safe for post-war traffic.

Agriculture is a primary industry in Kansas and for that reason farm-to-market roads should be given primary consideration.

FLOUR ENRICHMENT

Kansas is the premier wheat-producing State—our mills turn out more flour than those of any other State; thus Kansas flour is an important article of commerce—in some form, it is eaten universally. While not chargeable alone to wheat products, certain elements are said to be lacking in the national diet, and bread is considered the most logical item to fortify in these respects. We favor such enrichment additions to Kansas flour as will adequately protect the health of consumers, and which, at the same time, will assure this Kansas wheat product its preeminent position in channels of trade.

PACKAGE WEIGHTS OF WHEAT AND CORN PRODUCTS

In order to establish uniform package weights for wheat and corn flours, corn meal, hominy, and hominy grits throughout the United States, we are in favor of Kansas legislation which will prescribe weights which may be offered for sale in unbroken

containers. Net weights of 2, 5, 10, 25, 50, 100, and multiples of 100 pounds are proposed, and these should meet ready acceptance among consumers.

BUTTER SABOTAGE

We are amazed at the advice proffered by an economic counselor of the United States Department of Agriculture, who, in a recent agricultural outlook conference at Washington, is quoted as saying that it is time for this country to find another spread for its bread and use milk for its food value and not for butter. Butter is the balance-wheel of the dairy industry and provides a profitable market for millions of small producers who otherwise would be forced out of the dairy business because of a lack of available markets for whole milk. Substituting vegetable fats for butter is not practical from a Kansas dairyman's economic viewpoint. The counselor's plan is impractical. If the criticism is made on the grounds that there is not enough milk and butter to supply the demand, then the obvious answer is to produce more of both.

PREDATORY ANIMALS

Despite increased bounty payments made for coyote scalps, these predatory animals increase in number and continue to inflict heavy losses to livestock and poultry raisers of the State. We believe additional means of eradication should be authorized by the legislature if these pests are to be properly restrained—either an organized plan of co-operation between the State and the Fish and Wildlife Service of the United States Department of the Interior, or else a State agency charged with the control of these predatory animals.

KANSAS SCHOOLS

We want Kansas to be a leader in education and we favor legislation which will broaden the tax base for elementary and high school support and thus insure better educational opportunities for Kansas boys and girls. We urge that the legislature provide ways and means to insure sufficient funds for our State schools of higher education, and that the various student fees be eliminated.

WHEAT VARIETIES

The wheat variety problem is growing in seriousness in Kansas and constitutes a direct threat to the reputation and future prosperity of the State's wheat industry. Revision, modification, or supplementing of present grade standards seems advisable.

DAYLIGHT SAVING TIME

We believe that for the best interest of the Kansas farmer, daylight saving time should be abolished.

PROHIBITION OF THE TRANSPORTATION OF BEVERAGE LIQUOR

Mr. REED. Mr. President, I ask unanimous consent to have printed in the RECORD a letter in the nature of a petition I have received, addressed to the War Mobilization Director, signed by Mrs. Fred Kirkpatrick and 22 other citizens of Dodge City, Kans., expressing views upon some policies now being followed.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JANUARY 20, 1945.

To the Honorable JAMES F. BYRNES,
War Mobilization Director,

Washington, D. C.:

We the undersigned, parents and friends of sons in the armed services, commend your action stopping dog and horse racing as an aid to the war effort by conserving transportation and manpower.

We endorse your suggestion to restrict all large conventions to relieve our overcrowded railroads by reducing travel and dim-out of electric advertising to save coal.

We observe the President's request for universal manpower control by law and also his order to General Hershey to draft farm labor.

Though working long hours the farm industry is now dangerously understaffed, farm foods, meats, canned goods, sugar, etc., cannot now be brought freely. Shoes, cotton goods, lumber, hardware, farm implements, and other elemental necessities are also scarce. However, it is possible to buy beer and liquor at all hours without restriction. Railroads and farm producers, have to date done a magnificent job but face the possibility of a break-down.

We, therefore, in behalf of our men under arms; respectfully petition; to aid the manpower shortage; to relieve overburdened carriers; to help our understaffed farms; that you immediately order all beverage liquor transportation stopped, just as you have stopped racing.

MRS. FRED KIRKPATRICK,
(And 22 other citizens of Dodge
City, Kans.)

REPORTS OF THE COMMERCE COMMITTEE DURING ADJOURNMENT

Under authority of the order of the 29th ultimo,

LEGISLATIVE REPORT

Mr. BAILEY, from the Committee on Commerce, to which was referred the bill (S. 375) to provide for the effective administration of certain lending agencies of the Federal Government, reported it on January 31, 1945, with an amendment, and submitted a report (No. 30) thereon.

He also, from the same committee, on January 31, 1945, reported favorably the following nominations:

Raymond M. Stone to be junior hydrographic and geodetic engineer with rank of Lieutenant (junior grade) in the Coast and Geodetic Survey from December 16, 1944;

Sundry boatswains, gunners, machinists, and pay clerks for promotion in the United States Coast Guard; and

Electrician Rolla W. Sicafoose to be chief electrician in the United States Coast Guard, to rank from March 1, 1942.

EXECUTIVE REPORTS

Mr. BAILEY, also from the Committee on Commerce, on January 31, 1945, reported adversely the nomination of Henry A. Wallace, of Iowa, to be Secretary of Commerce and submitted a report (Ex. Rept. No. 1) thereon.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ELLENDER, from the Committee on Claims:

S. 410. A bill for the relief of Marino Bello; with an amendment (Rept. No. 31).

By Mr. BANKHEAD, from the Committee on Banking and Currency:

S. 298. A bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes; with amendments (Rept. No. 32).

By Mr. MURDOCK, from the Committee on Banking and Currency:

S. Res. 20. Resolution continuing Senate Resolution 187, Seventy-fourth Congress, agreed to August 16, 1935, as amended by Senate Resolution 261, Seventy-seventh Congress, agreed to June 29, 1942, relative to the

Silver Purchase Act of 1934; with amendments (Rept. No. 33), and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

By Mr. TYDINGS, from the Committee on Public Buildings and Grounds:

H. R. 1427. A bill relating to the compensation of telephone operators on the United States Capitol telephone exchange; without amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CORDON:

S. 427. A bill to repeal section 3 of the act approved April 13, 1938, as amended, relating to hops; to the Committee on Agriculture and Forestry.

S. 428. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Forest Lumber Co.;

S. 429. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Lamm Lumber Co.; and

S. 430. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Algoma Lumber Co.; to the Committee on Claims.

By Mr. BURTON:

S. 431. A bill for the relief of the Mauger Construction Co.; to the Committee on Claims.

By Mr. SHIPSTEAD:

S. 432. A bill to increase the period of limitation on actions against railroad carriers for recovery of overcharges from 2 to 4 years; to the Committee on Interstate Commerce.

S. 433. A bill to amend the National Housing Act, as amended, so as to eliminate the requirement that not less than 15 percent of the principal of insured mortgages upon farm property be expended for improvements; to the Committee on Banking and Currency.

S. 434. A bill providing for Federal aid to States for the acquisition of toll bridges; to the Committee on Post Offices and Post Roads.

S. 435. A bill for the relief of Mrs. Susanna Gimm; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

S. 436. A bill to equalize State old-age-assistance payments and to provide burial allowances under title I of the Social Security Act; to the Committee on Finance.

S. 437. A bill for the relief of W. S. Burleson; and

S. 438. A bill authorizing the Secretary of the Interior to partition certain lands in Cleveland County, Okla., and for other purposes; to the Committee on Indian Affairs.

By Mr. WALSH:

S. 439 (by request). A bill to authorize the appointment of graduates of the United States Merchant Marine Academy, or any of the five State Maritime Academies, to the line of the Regular Navy; to the Committee on Naval Affairs.

(Mr. MURRAY introduced Senate bill 440, which was referred to the Committee on Irrigation and Reclamation, and appears under a separate heading.)

By Mr. CAPPER:

S. 441. A bill granting an increase of pension to Tina Newton; and

S. 442. A bill to increase the rate of pensions for widows of Spanish-American War veterans from \$30 to \$45 a month; to the Committee on Pensions.

By Mr. McFARLAND:

S. 443. A bill to authorize the Secretary of Agriculture to continue administration of Casa Grande Valley Farms project, Arizona, pending disposal thereof, and for other pur-

poses; to the Committee on Agriculture and Forestry.

S. 444. A bill to reinstate Walter C. Smith with the rank of first lieutenant and to authorize his retirement; to the Committee on Military Affairs.

By Mr. BUTLER:

S. 445. A bill for the relief of Herman Piatt; to the Committee on Claims.

AMENDMENT OF RECLAMATION PROJECT ACT OF 1939

Mr. MURRAY. Mr. President, I introduce a bill for appropriate reference. This is a bill to amend the Reclamation Project Act of 1939, and I ask to have the bill printed in the RECORD together with an explanation of the purposes of the proposed legislation.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 440) to amend the Reclamation Project Act of 1939, introduced by Mr. MURRAY, was read twice by its title, referred to the Committee on Irrigation and Reclamation, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 1 of the act of August 4, 1939, entitled "An act to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes" (53 Stat. 1187), as amended, is hereby amended to read as follows:

"SECTION 1. That (a) for the purpose of providing for United States reclamation projects a feasible and comprehensive plan for an economical and equitable treatment of repayment problems and for variable payments of construction charges which can be met regularly and fully from year to year during periods of decline in agricultural income and unsatisfactory conditions of agriculture as well as during periods of prosperity and good prices for agricultural products, and which will protect adequately the financial interest of the United States in said projects, obligations to pay construction charges may be revised or undertaken pursuant to the provisions of this act; and (b) for the purpose of providing opportunities for settlement on productive, owner-operated farms by returning servicemen, emergency industrial workers, and others, the Secretary of the Interior is authorized to investigate, plan, design, construct, settle, develop, operate, and maintain, in the humid as well as arid areas of the United States, projects for reclaiming lands, including logged or cut-over lands, by drainage or by land clearing."

SEC. 2. (a) Subsections (c) and (g) of section 2 of said act of August 4, 1939 (53 Stat. 1187), as amended, are hereby amended to read, respectively, as follows:

"(c) The term 'project' shall mean any reclamation or irrigation project, or any project for reclaiming lands, including logged or cut-over lands, by drainage or by land clearing, including incidental features thereof, authorized by the Federal reclamation laws, or constructed by the United States pursuant to said laws, or in connection with which there is a repayment contract executed by the United States pursuant to said laws, or any project constructed or operated and maintained by the Secretary through the Bureau of Reclamation for reclaiming lands by irrigation or drainage or other means.

"(g) The term 'organization' shall mean any conservancy district, irrigation district, water users' association, drainage district, or other organization, which is organized under State law and which has capacity to enter into contracts with the United States pursuant to the Federal reclamation laws."

(b) Section 2 of said act of August 4, 1939 (53 Stat. 1187), as amended, is hereby amended by adding thereto subsection (1) reading as follows:

"(1) The term 'water users' shall include the beneficiaries, as determined by the Secretary, of any project for reclaiming lands by drainage or by land clearing."

SEC. 3. Subsection (a) of section 8 of said act of August 4, 1939 (53 Stat. 1187), as amended, is hereby amended to read as follows:

"SEC. 8. (a) The Secretary is hereby authorized and directed in the manner herein-after provided to classify or to reclassify from time to time but not more often than at 5-year intervals, as to irrigability and productivity, or, in the case of other than irrigation projects, as to productivity alone, those lands which have been, are, or may be included within any project."

SEC. 4. Section 9 of said act of August 4, 1939 (53 Stat. 1187), as amended, is hereby amended by adding thereto subsections (f), (g), and (h) reading, respectively, as follows:

"(f) In connection with any project for reclaiming lands, including logged or cut-over lands, by drainage or by land clearing, the findings to be made by the Secretary under subsection (a) of this section shall include also findings on (1) the part of the estimated cost which can properly be allocated to drainage or land clearing and probably be repaid by the beneficiaries of the project; (2) the classes of landholders and land users who can properly be regarded as beneficiaries of the project and the manner in which the construction charges should be distributed among them; and (3) the part of the estimated cost which can properly be allocated to Federal responsibilities in connection with the public health or other matters of general public benefit.

"(g) No construction of any project, division of a project, or supplemental works on a project, for reclaiming lands by drainage or by land clearing shall be undertaken until an organization, satisfactory in form and powers to the Secretary, or, where no such organization is in existence, individual beneficiaries of the project, whose qualifications and responsibilities are satisfactory to the Secretary, shall have entered into a repayment contract or contracts with the United States, in form and substance satisfactory to the Secretary, providing, among other things—

"(1) that the part of the reimbursable construction costs allocated by the Secretary to drainage or land clearing shall be included in a general repayment obligation of the organization or individual beneficiaries; that, where the contract is with individual beneficiaries, the repayment obligation shall be secured by a first lien on the reclaimed land or in such other manner as the Secretary deems to be in the best interests of the United States, but no lien so created shall render any land subject thereto legally ineligible as security for any loan otherwise authorized to be made or guaranteed by any agency of the United States for the repayment of which reasonable security exists, giving due consideration to the amount and terms of such lien; and that, where the contract is with an organization, the distribution of construction charges may be varied by the organization in a manner that takes into account the productivity of the various classes of lands and the benefits accruing to the lands by reason of the construction: *Provided*, That no distribution of construction charges over the lands included in the organization shall in any manner be deemed to relieve the organization or any party or any land therein of the organization's general obligation to the United States;

"(2) that the general repayment obligation of the organization or individual bene-

CONTINUING THE COMMODITY CREDIT CORPORATION

FEBRUARY 1, 1945.—Ordered to be printed

Mr. BANKHEAD, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany S. 298]

The Committee on Banking and Currency, to whom was referred the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

INCREASE IN BORROWING POWER OF THE CORPORATION

Section 1 of the bill amends the act of March 8, 1938, so as to provide for an increase from \$3,000,000,000 to \$4,500,000,000 in the amount of the bonds, notes, debentures, and other similar obligations which the Commodity Credit Corporation is authorized to issue and have outstanding at any one time. The bill as introduced provided for an increase in the borrowing power of the Corporation to \$5,000,000,000. After consideration, however, the committee was satisfied that an increase to \$4,500,000,000 would be sufficient to enable the Corporation to carry out its operations.

SALE OF PERISHABLE COMMODITIES AT LESS THAN PARITY OR
COMPARABLE PRICE

The Commodity Credit Corporation item contained in the Department of Agriculture Appropriation Act, 1945, prevents, with some exceptions, the sale by Commodity Credit Corporation of farm commodities at less than the parity or comparable price. One of the exceptions to this prohibition permits the sale of perishable fruits and vegetables if there is danger of deterioration or of accumulation of stocks. Section 2 of S. 298 would permit the Commodity Credit Corporation to sell or cause to be sold below the parity or comparable

price any nonbasic perishable commodity owned or controlled by it, provided that the War Food Administrator has determined that there is danger of loss or waste through spoilage in the stocks of such commodity. Section 2, however, would require the Corporation to proceed, insofar as practicable, in a way which would prevent such sales from depressing the farm price of the commodity.

SUSPENSION OF RESTRICTIONS UPON SALE OF COTTON

Under section 381 (c) of the Agricultural Adjustment Act of 1938 the Commodity Credit Corporation may not sell cotton held on behalf of the United States unless the proceeds are sufficient to reimburse the United States for all amounts paid out with respect to such cotton, or sell more than 300,000 bales of cotton in any calendar month, or more than 1,500,000 bales in any calendar year. Section 3 of S. 298 would suspend the provisions of section 381 (c) until the close of the second calendar year after the first day of January immediately following the date on which hostilities in the present war are declared, either by Presidential proclamation or concurrent congressional resolution, to have terminated. The period of the suspension is substantially the same as that during which the Commodity Credit Corporation is required to make loans available on cotton at 92½ percent of the parity price. This suspension of section 381 (c) would not affect the prohibition, contained in the Commodity Credit Corporation item in the Department of Agriculture Appropriation Act, 1945, against selling cotton at less than the parity price.

LIMITATIONS OF SUBSIDY OPERATIONS

The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, would, if the Price Control Act is further extended in its present form, prohibit the Commodity Credit Corporation after June 30, 1945, from making subsidy payments, or buying commodities for resale at a loss, for the purpose of maintaining ceiling prices established pursuant to the provisions of the Emergency Price Control Act of 1942, as amended and supplemented.

Section 4 of S. 298 makes this prohibition inapplicable to the Commodity Credit Corporation for the fiscal year ending June 30, 1946, and specifies the amounts of such subsidy payments or losses that may be made or absorbed by Commodity Credit Corporation. The section permits subsidy payments to be made and losses to be absorbed in such amounts as may be necessary (1) to complete programs with respect to 1944 crops and to complete programs with respect to crops of prior years and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to noncrop programs in operation during the fiscal year 1945 and prior fiscal years. Clause (2) is not intended to mean that applications for subsidy payments or absorption of losses must be submitted prior to July 1, 1945, if the obligation to make such payments or absorb such losses had otherwise accrued prior thereto. The section limits to \$225,000,000 subsidy payments to be made and losses to be absorbed under programs with respect to 1945 crops. In addition, the section permits subsidy payments to be made and losses

to be absorbed under noncrop programs as follows, during the 6-month period ending December 31, 1945:

Payments and losses under the dairy-production-payment program may not exceed \$250,000,000, and payments and losses under other noncrop programs, including the feed-wheat program, may not exceed \$60,000,000. In the event hostilities in the present war extend beyond December 31, 1945, section 4 would permit the dairy-production-payment program and other noncrop programs to be continued on a basis which, taking into account seasonal variations in rates and production, would not involve subsidy payments and losses for operations during the 6 months' period ending June 30, 1946, in excess of \$250,000,000 under the dairy-production-payment program or in excess of \$60,000,000 under other noncrop programs, including the feed-wheat program. If, however, hostilities cease after December 31, 1945, and before June 30, 1946, section 4 would not permit any further obligations to be incurred under such dairy-production-payment program and other noncrop programs.

The statement below shows the estimated cost of various subsidy programs of Commodity Credit Corporation which could be carried out under section 4:

Estimated cost

[In thousands]

	1944 crop	1945 crop	
Programs on crop-year basis:			
Fruits for processing.....	\$26, 500	\$26, 500	
Vegetables for processing.....	36, 200	36, 200	
Dry edible beans.....	4, 800	4, 800	
Soybeans.....	42, 000	48, 000	
Peanuts.....	3, 500	7, 000	
Sugar.....	36, 700	54, 100	
For expanded or other programs.....		48, 400	
Total crop-year programs.....	149, 700	225, 000	
	July 1 to Dec. 31, 1944	July 1 to Dec. 31, 1945	Jan. 1 to June 30, 1946 ¹
Dairy production program.....	\$217, 252	\$237, 000	\$237, 000
Reserve.....		13, 000	13, 000
Total dairy production program.....	217, 252	250, 000	250, 000
Other noncrop programs:			
Cheddar cheese.....	8, 563	8, 000	8, 000
Fluid milk.....	6, 526	6, 000	6, 000
Shortening payments.....	469	500	500
Peanut butter.....	4, 265	4, 250	4, 250
Feed wheat.....	41, 200	25, 000	25, 000
For expanded or other programs.....		16, 250	16, 250
Total other noncrop programs.....	61, 023	60, 000	60, 000
Grand total.....	427, 975	535, 000	310, 000

¹ Amounts shown in this column would be reduced in the event hostilities terminate before June 30, 1946.

Section 4 of the bill is concerned only with the making of subsidy payments or the absorption of losses by Commodity Credit Corporation for the purpose of avoiding increases in price ceilings. Accordingly, it does not limit payments or losses incident to operations of Commodity Credit Corporation which are not designed to hold price ceilings, such as sales of commodities for export at competitive world

prices pursuant to section 21 (c) of the Surplus Property Act of 1944, sales of farm commodities for new or byproduct uses pursuant to the Commodity Credit Corporation item in the Department of Agriculture Appropriation Act, 1945, sales of perishable commodities to prevent loss or waste through spoilage pursuant to section 2 of S. 298, and loans, purchases, or other price-support operations which do not involve supporting prices to producers of agricultural commodities at levels above those reflected by price ceilings.

APPRAISAL OF ASSETS OF THE CORPORATION

Section 5 of S. 298 provides for a revision in the date and basis of the annual appraisal of the assets and liabilities of the Commodity Credit Corporation by the Treasury. The appraisal date is changed from March 31 of each year to June 30, the close of the fiscal year, thus putting the appraisal on a fiscal-year basis. The section also changes the basis of the valuation of the assets to the cost or average market price during the last month of the fiscal year, whichever is lower. The present basis is the average market price for a 12-month period or cost, including not more than 1 year of carrying charges, whichever is lower. The revision made by section 5 will simplify the appraisal, give a more accurate indication of the financial condition of the Corporation as of the date of the appraisal, and facilitate the use in making the appraisal of the report of the Comptroller General's audit, which is on a fiscal-year basis. Section 5 is substantially the same as section 1 of H. R. 3477, which was passed by both Houses of the Seventy-eighth Congress, second session, but which was, because of its provisions relating to subsidies, vetoed by the President.

EXTENSION OF LIFE OF THE CORPORATION

Section 6 of S. 298 extends the life of the Commodity Credit Corporation as an agency of the Government through June 30, 1947, or such earlier date as may be fixed by the President by Executive order.

Calendar No. 29

79TH CONGRESS
1ST SESSION

S. 298

[Report No. 32]

IN THE SENATE OF THE UNITED STATES

JANUARY 15, 1945

Mr. BANKHEAD introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

FEBRUARY 1, 1945

Reported by Mr. BANKHEAD, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 4 of the Act approved March 8, 1938 (52
4 Stat. 108), as amended, is hereby amended by deleting the
5 term "\$3,000,000,000" and inserting in lieu thereof the
6 term "~~\$5,000,000,000~~ *\$4,500,000,000*".

7 SEC. 2. In the event the War Food Administrator deter-

1 mines that there is danger of loss or waste through spoilage
 2 in the stocks of any nonbasic perishable commodity owned
 3 or controlled by the Commodity Credit Corporation, the
 4 Corporation may sell or cause to be sold such stocks of such
 5 commodity below the parity or comparable price therefor
 6 and the Corporation shall, insofar as practicable, make such
 7 sales, or cause them to be made, in such manner as to increase
 8 the consumption of such commodity and to prevent the
 9 depression of the farm price of the commodity.

10 SEC. 3. The provisions of subsection (c) of section 381
 11 of the Agricultural Adjustment Act of 1938 (52 Stat. 67)
 12 are suspended until the expiration of the two-year period
 13 beginning with the 1st day of January immediately follow-
 14 ing the date on which the President, by proclamation, or the
 15 Congress, by concurrent resolution, declares that hostilities
 16 in the present war have terminated.

17 ~~SEC. 4. The last paragraph of section 2 (c) of the~~
 18 ~~Emergency Price Control Act of 1942, as amended by the~~
 19 ~~Stabilization Extension Act of 1944, shall not apply to the~~
 20 ~~operations of the Commodity Credit Corporation designed~~
 21 ~~to support prices or obtain production of agricultural com-~~
 22 ~~modities, or to absorb abnormal costs in connection with~~
 23 ~~the transportation of agricultural commodities and foods.~~

24 SEC. 4. The last paragraph of section 2 (e) of the
 25 Emergency Price Control Act of 1942, as amended by the

1 *Stabilization Extension Act of 1944, shall not apply to the*
2 *operations of the Commodity Credit Corporation for the*
3 *fiscal year ending June 30, 1946: Provided, That the*
4 *making of subsidy payments and the buying of commodities*
5 *for resale at a loss, by the Commodity Credit Corporation,*
6 *for the purpose of maintaining maximum prices established*
7 *pursuant to provisions of the Emergency Price Control Act*
8 *of 1942, as amended and supplemented, shall be limited as*
9 *follows: Obligations for making such payments and absorb-*
10 *ing such losses may be incurred and paid by the Commodity*
11 *Credit Corporation (a) in such amounts as may be necessary*
12 *(1) to complete operations with respect to 1944 and prior*
13 *year crop programs and (2) to fulfill obligations incurred*
14 *prior to July 1, 1945, with respect to 1945 and prior fiscal*
15 *year noncrop programs; and (b) in amounts which do not*
16 *involve subsidy payments or losses in excess of (1)*
17 *\$.250,000,000 for operations during the six-month period*
18 *ending December 31, 1945, with respect to the dairy pro-*
19 *duction payment program, (2) \$60,000,000 for operations*
20 *during the six-month period ending December 31, 1945,*
21 *with respect to other noncrop programs, including the feed-*
22 *wheat program, and (3) \$225,000,000 with respect to the*
23 *1945 crop program operations. Should hostilities in the*
24 *present war extend beyond December 31, 1945, such dairy*
25 *production payment program and other noncrop program*

1 operations involving such subsidy payments and losses may
2 be continued on a basis which, taking into account seasonal
3 variations in rates and production, will not involve such sub-
4 sidy payments and losses in excess of \$250,000,000 for opera-
5 tions during the six-month period ending June 30, 1946,
6 with respect to the dairy production payment program, or
7 \$60,000,000 for operations during the six-month period
8 ending June 30, 1946, with respect to other noncrop pro-
9 grams, including the feed-wheat program: Provided, however,
10 That if hostilities cease before June 30, 1946, no additional
11 obligations provided for in this sentence may be incurred by
12 the Commodity Credit Corporation with respect to such
13 programs after the date on which hostilities cease.

14 SEC. 5. The first two sentences of section 1 of the Act
15 approved March 8, 1938 (52 Stat. 107), as amended, are
16 hereby amended to read as follows:

17 "As of the 30th of June in each year and as soon as
18 possible thereafter, beginning with June 30, 1945, an
19 appraisal of all of the assets and liabilities of the Commodity
20 Credit Corporation for the purpose of determining the net
21 worth of the Commodity Credit Corporation shall be made
22 by the Secretary of the Treasury. The value of assets shall
23 be determined on the basis of the cost of such assets to the
24 Commodity Credit Corporation, or insofar as practicable,
25 the average market price of such assets during the last month

1 of the fiscal year covered by the appraisal, whichever is the
2 lower, and a report of any such appraisal shall be submitted
3 to the President as soon as possible after it has been made”.

4 SEC. 6. The first sentence of section 7 of the Act
5 approved January 31, 1935 (49 Stat. 4), as amended, is
6 hereby amended by striking out “June 30, 1945” and insert-
7 ing in lieu thereof “June 30, 1947”.

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

By Mr. BANKHEAD

JANUARY 15, 1945

Read twice and referred to the Committee on
Banking and Currency

FEBRUARY 1, 1945

Reported with amendments

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 3, 1945, for actions of Friday, February 2, 1945)

(For staff of the Department only)

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SENATE

COMMODITY CREDIT CORPORATION. S. 298, as reported from the Senate Banking and Currency Committee (see Digest 19) provides as follows: Increases CCC's borrowing power by \$1,500,000,000. Authorizes CCC, if the War Food Administrator finds that there is danger of spoilage of any non-basic perishable commodity owned or controlled by CCC, to sell or cause to be sold such commodity below parity or comparable price, but requires such sales to be made, insofar as practicable, so as to prevent depression of farm prices. Suspends, until two years after January 1 immediately following the end of the war, the restrictions on the sale of cotton in Sec. 381(c) of the Agricultural Adjustment Act of 1938. Makes inapplicable to CCC, for the fiscal year 1946, the prohibition in the Stabilization Extension Act of 1944 against subsidies, etc., but limits the CCC subsidies as follows: Permits payments (1) to complete operations for 1944 and prior-year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and in amounts not over \$250,000,000 during the last half of 1945 for the dairy production payment program, \$60,000,000 during that period for other noncrop programs, and \$225,000,000 for the 1945 crop programs. Permits continuation of the subsidies (on a comparable basis) during the following six months if the war has not ended, but prohibits additional subsidy obligations if the war ends during the first half of 1946. Provides for annual appraisals of CCC assets as of June 30 (now March 31), on the basis of the lower of average market price during the last month of the fiscal year or cost (now the lower of cost, including not more than one year's charges, or average market prices for 12 months before appraisal). Continues CCC as a Government agency from June 30, 1945, until June 30, 1947.

FARM LABOR. It is understood that a subcommittee of the Agriculture and Forestry Committee has been formed to formulate a statement of the position of the Committee regarding the drafting of farm labor, for transmission to the Military Affairs Committee. It is also understood that the Military Affairs Committee has approved clarifying language in the manpower bill to make it more certain that the Tydings amendment will not be affected. (Wash. City News Service.)

3. NOMINATION. It is understood that the Senate Agriculture and Forestry Committee plans to hold public hearings, beginning Tues., on the nomination of Aubrey Williams to be Rural Electrification Administrator (Wash. City News Service).

NOT IN SESSION. Next meeting Mon., Feb. 5.

HOUSE

4. AGRICULTURAL-CENSUS APPROPRIATION. Appropriations Committee reported without amendment H. J. Res. 85, appropriating \$6,784,000 additional (same as Budget estimate) for the census of agriculture (H. Rept. 52)(p. 794). The committee report states that the appropriation is necessary "if the job is to be prosecuted completely and successfully."
5. FARM LABOR. Reps. Hoffman, Mich., Sparkman, Ala., Phillips, Calif.; and others opposed the drafting of essential farm labor and discussed the possible effect on food production. Rep. Hoffman inserted several communications on this subject. (pp. 785-93.)
6. DAIRY INDUSTRY; FARM LABOR. Rep. Hill, Colo., stated that it looks as though many dairy farmers are "going to have to sell" their herds because of the lack "of experienced help" in view of the induction of farm labor into the armed forces, and inserted a Denver Milk Producers' resolution on this subject (p.778)
7. FEDERAL LOAN AGENCIES. Rep. Cochran, Mo., urged that S. 375, the George RFC-Commerce separation bill, be referred to the Expenditures in the Executive Departments Committee, but the Speaker referred the bill to the Banking and Currency Committee (p. 776).
8. ADJOURNED until Mon., Feb. 5 (p. 793).

BILLS INTRODUCED

9. PERSONNEL. H.R. 1968, by Rep. Rees, Kans., to provide, in the case of certain Government employees dying after Sept. 18, 1939, for payment of accrued annual leave due at the time of death, and H.R. 1969 to extend certain benefits under the Civil Service Retirement Act to employees with not less than 5 years' service. To Civil Service Committee. (p. 794.) Remarks of author (p.780).
10. FLAG DISPLAY. H.J. Res. 92, by Rep. Sadowski, Mich., to authorize the President to proclaim Oct. 11, 1945, General Pulaski's Memorial Day. To Judiciary Committee (p. 794.)

ITEMS IN APPENDIX

11. MISSOURI VALLEY AUTHORITY. Rep. Cochran, Mo., inserted F.V. Heinkel's Missouri Farmer article favoring the establishment of an MVA based on a plan similar to the TVA (p. A458).
12. FISHERIES. Rep. Angell, Oreg., inserted a Harpers Magazine article regarding the "great salmon experiment" on the Columbia River (pp. A459-61).
13. TRANSPORTATION. Rep. Horan, Wash., inserted Dr. F.O. Kreager's address concerning the need for highway construction in the Northwest States to, among other things; aid in trade development and processed food distribution (pp. A457-8).

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7. SURPLUS PROPERTY. Rep. McDonough, Calif., criticized the sale of surplus property "for practically nothing" (p. 863).
8. FLOOD CONTROL... Received the War Department's report on the St. Johns Levee District, Mo. To Flood Control Committee. (p. 864.)

SENATE

9. COMMODITY CREDIT. Passed as reported, S. 298, to continue CCC as a U. S. agency, to increase its borrowing power; etc. (pp. 818-21). (For the bill's provisions, see Digest 20.)
10. FARM LABOR. Sen. McCarran, Nev., criticized the drafting of farm labor and inserted his letter to WFA together with constituents' letters on the subject (pp. 801-3).
Agriculture and Forestry Committee returned S. J. Res. 19, providing for an investigation of certain phases of the farm-labor draft program. It was referred to the Military Affairs Committee in view of their work on a bill dealing with that subject. (pp. 805-6.)
Sen. Revercomb, W. Va., for himself and Sen. Robertson, Wyo., and Taft, Ohio, submitted amendments which they intend to propose to S. 36, to amend the Sec. 5(k) relating to the drafting of farm labor, of the Selective Training and Service Act, 1940 (p. 806).
11. ALCOHOL INDUSTRY INVESTIGATION. Rejected, 43-28, Sen. McCarran's (Nev.) motion to discharge the Audit-Control Committee from consideration of S. Res. 17, to continue the investigation of the alcoholic-beverage industry (pp. 811-7).
Sen. McCarran criticized the failure of the Audit-Control Committee to report the resolution (p. 812).
12. PURCHASING. Received the Office of Contract Settlement's second quarterly progress report. To Military Affairs Committee. (p. 798.) Sen. Thomas, Utah, inserted the report in the Record (p. 807).
13. PENALTY MAIL. Received the Postmaster General's report of the estimated number of pieces of mail mailed under the penalty mail privilege during the quarter ended Sept. 30, 1944, showing the estimated number of pieces mailed, and the estimated cost to the Post Office Department of the handling of these mailings (by departments and agencies). To Post Offices and Post Roads Committee. (p. 797.)
14. LANDS. Received Interior's 1944 report relative to the patenting to States, counties, and municipalities of lands classified chiefly valuable for recreational purposes in exchange for lands of equal value or equal quantity. To Public Lands and Surveys Committee. (p. 797.)
Received Interior's statement showing withdrawals and restorations of public lands made during 1944. To Public Lands and Surveys Committee. (p. 797.)
15. EDUCATION. Received Office of Education's annual report for fiscal year 1944. To Education and Labor Committee. (p. 798.)
16. BANKRUPTCY. Received the Administrative Office of the U. S. Courts' tables of bankruptcy statistics with reference to bankruptcy cases commenced and terminated in the U. S. district courts during the fiscal year 1944. To Judiciary Committee. (p. 798.)

year funds."

Civil Service Commission. "For salaries and expenses for...regular activities, the Budget estimate proposes \$10,016,000, an increase of \$1,342,118 over the 1945 appropriation with overtime compensation deducted... The committee recommends a reduction of \$563,480 in the Budget estimate and has allocated deductions among functions under the various project heads as follows: ...Work improvement program; \$106,678; promoting better personnel management, \$76,400; preparing and issuing standards - field classification work, \$229,810; ...While the total recommended by the committee for regular activities represents an increase of approximately \$840,000 over the 1945 appropriation, this increase is more than offset by a reduction of \$2,639,465 in national defense activities, the 1946 Budget indicating a trend to regular activities which may or may not be justified in the light of future events."

"Civil Service Retirement Fund. - Attention is invited to the necessity for an increase of \$50,500,000 in the current appropriation... The amount recommended...represents...the amount determined by the Board of Actuaries as necessary to keep the fund in a sound financial condition."

Public-works planning, pursuant to the War Mobilization and Reconversion Act "The committee recommends an initial appropriation of \$5,000,000...The committee is of the opinion that this project should be undertaken on a much smaller scale than is proposed in the Budget estimate and that progress should be made slowly until a fairly accurate picture can be obtained from the States as to what the demand will be for works of this type. While the committee is in favor of post-war planning it believes that every precaution should be taken to prevent the approval of 'high pressure' projects."

General Accounting Office. "Aside from a reduction...for penalty mail, the committee has approved the total Budget estimate...for...this Office...The total basic increase...\$1,690,253."

2. AAA ALLOTMENTS. Agriculture Committee reported with amendment S. 338, to protect the allotments of farmers who have shifted to war crops or are serving in the armed forces (H. Rept. 55)(p. 864).
3. CENSUS OF AGRICULTURE. Rules Committee reported a resolution for consideration of H. J. Res. 85, appropriating \$6,784,000 additional for the census of agriculture (pp. 839-40, 864).
4. BUTTER SHORTAGE. Rep. Woodruff, Mich., criticized the butter situation and inserted a letter and resolution from the Remus Co-operative Creamery Co. requesting OPA and WFA to reconsider present price policies to remove "discrimination against butterfat producers" (p. 840).
5. FARM LABOR. Reps. Hale, Maine; Knutson, Minn.; and Hoffman, Mich., criticized the drafting of farm labor, and other members discussed this with them (pp. 841, 852-5, 856-9). Rep. Cooley, S. C., discussed action taken by Gen. Hershey to clarify the farm-labor situation (pp. 861-3).
6. DOLLAR-A-YEAR MEN. Rep. Voorhis, Calif., criticized the Government's use of such employees; urged consideration of his bill H. R. 148, to forbid their employment; and cited an example (not Agriculture) upon which his objections are based (pp. 849-52).

Mr. TOBEY. And those opposed will vote "nay." Is that correct?

The PRESIDENT pro tempore. The Senator is correct. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] is absent from the Senate because of illness.

The Senator from Mississippi [Mr. BILBO], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Florida [Mr. PEPPER] are detained in Government departments on matters pertaining to their respective States.

The Senator from California [Mr. DOWNEY] is detained in a committee meeting.

The Senator from Florida [Mr. ANDREWS], the Senator from Rhode Island [Mr. GREEN], the Senator from North Dakota [Mr. MOSES], the Senator from Nevada [Mr. SCRUGHAM], and the Senator from Texas [Mr. O'DANIEL] are necessarily absent.

The Senator from New Mexico [Mr. HATCH] is absent on official business.

The Senator from Pennsylvania [Mr. MYERS], the Senators from Montana [Mr. MURRAY and Mr. WHEELER], and the Senator from Massachusetts [Mr. WALSH] are detained on important public business.

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. I am not advised how he would vote if present. I transfer the pair to the Senator from Pennsylvania [Mr. GUFFEY] and vote. I vote "nay." I am advised that if present and voting, the Senator from Pennsylvania would vote "nay."

Mr. WHERRY. The Senator from Vermont [Mr. AIKEN] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], who is unavoidably detained, has a general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Minnesota [Mr. SHIPSTEAD] is detained on official business.

The Senator from North Dakota [Mr. LANGER] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Oregon [Mr. MORSE] is unavoidably detained.

The result was announced—yeas 28, nays 43, as follows:

YEAS—28

Austin	Ferguson	Millikin
Ball	George	Moore
Buck	Gurney	Murdock
Burton	Hawkes	Reed
Bushfield	Hickenlooper	Revercomb
Capper	Kilgore	Smith
Chandler	La Follette	Thomas, Okla.
Chavez	McCarran	Wiley
Donnell	McFarland	
Eastland	McKellar	

NAYS—43

Bailey	Connally	Johnston, S. C.
Bankhead	Cordon	Lucas
Barkley	Ellender	McClellan
Brewster	Fulbright	McMahon
Briggs	Gerry	Magnuson
Brooks	Hayden	Maybank
Butler	Hill	Mead
Byrd	Hoey	Mitchell
Capehart	Johnson, Colo.	Overton

Radcliffe
Robertson
Russell
Saltontall
Stewart
Taft

Taylor
Thomas, Utah
Tobey
Tunnell
Tydings
Wagner

Wherry
White
Willis
Wilson

NOT VOTING—24

Aiken
Andrews
Bilbo
Bridges
Downey
Glass
Green
Guffey

Hatch
Johnson, Calif.
Langer
Morse
Moses
Murray
Myers
O'Daniel

O'Mahoney
Pepper
Scrugham
Shipstead
Thomas, Idaho
Vandenberg
Walsh
Wheeler

So. Mr. McCARRAN's motion was rejected; and the Senate refused to discharge the Committee to Audit and Control the Contingent Expenses of the Senate from the further consideration of Senate Resolution 17.

Mr. LANGER subsequently said: Mr. President, when the vote was taken earlier today I was absent, but I wish the RECORD to show that if present I would have voted "nay."

COMPENSATION OF TELEPHONE OPERATORS IN THE CAPITOL

During the consideration of Mr. LUCAS' point of order against Mr. McCARRAN's motion to discharge the Committee to Audit and Control the Contingent Expenses of the Senate from the further consideration of Senate Resolution 17, the following occurred:

Mr. TYDINGS. Mr. President, if I may have the attention of the Senator from Nebraska [Mr. WHERRY], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Nevada [Mr. McCARRAN], I wish to say that I do not desire, in what I am about to suggest, to displace the pending matter; as a matter of fact, I could not displace it. But it is not possible to have an investigation, and it will be pretty hard to have Congress function, if we do not keep the telephone system of the Capitol functioning. Under present circumstances the authorities are having a great deal of trouble in obtaining a sufficient number of operators to take care of the business of the Capitol, in this time of war. I have in my hand a bill which has passed the House, which would moderately raise the pay of our telephone operators, so as to alleviate the condition under which many are working with great difficulty. I am going to ask unanimous consent, without displacing the pending business, that the Senate consider this House bill, which has been unanimously reported by the Committee on Public Buildings and Grounds of the Senate, and that it be passed, because it should have been passed the first of February. If we do not pass it, I am afraid we may not have very good telephone service, which is rather important in war time.

I ask unanimous consent, without displacing the business now pending before the Senate, that House bill 1427 be acted on immediately.

Mr. McCARRAN. Mr. President, reserving the right to object, I am very much in favor of the immediate passage of the bill which the Senator from Maryland presents. If there is to be no controversy over the bill, and no discussion, I shall have no objection.

Mr. TYDINGS. I shall withdraw the bill if there is any objection to it.

The PRESIDENT pro tempore. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 1427) relating to the compensation of telephone operators of the United States Capitol telephone exchange.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Maryland?

Mr. WHERRY. Mr. President, reserving the right to object, I should like to ask whether the bill has been reported unanimously.

Mr. TYDINGS. This is a House bill, and has been reported unanimously by the Senate Committee on Public Buildings and Grounds. It provides a very modest increase in the compensation of some telephone operators. That is all there is to it.

Mr. WHERRY. I have no objection.

Mr. BURTON. Mr. President, I find there is no printed report from the committee, and before we take action I should like to have the Senator make an explanation of the nature of the increase.

Mr. TYDINGS. The bill is a very short one. It simply provides that the chief operator shall be paid \$3,000 per annum; the assistant chief operator \$2,400 per annum, and others \$1,800 per annum, with \$200 per annum additional for the assistant chief operator, and in the case of those receiving \$1,800, additional pay per annum of \$240, \$180, \$150, \$120, and \$60 for different categories. In other words, that is the entire bill, and it provides a modest increase in salaries. I am advised that it is becoming more and more difficult to man the switchboards under the present low rate of salaries.

Mr. BURTON. Can the Senator state what the amount of the increase is?

Mr. TYDINGS. I stated it.

Mr. BURTON. I did not hear it.

Mr. TYDINGS. \$240 per annum is the maximum and \$60 is the minimum in the various categories.

Mr. WHERRY. Will the Senator state the total increase?

Mr. TYDINGS. I do not have the figures, but the House committee report would show the amount; \$240 is the maximum and \$60 the minimum, depending upon service, present pay, and so forth.

Mr. BURTON. How does that compare with present pay? I did not understand that point clearly.

Mr. TYDINGS. Under the bill, if passed, there will be an increase of \$240 per annum in the case of those having more than 25 years of service; \$180 additional in the case of those having more than 20 and not more than 25 years of service; \$150 additional in the case of those having more than 15 and not more than 20 years of service; \$120 additional in the case of those having more than 10 and not more than 15 years of service, and \$60 additional in the case of those having more than 5 and not more than 10 years of service.

Mr. BURTON. The Senator now means that the employees are receiving \$1,800 per annum, and those with long periods of service will receive additional pay?

Mr. TYDINGS. One thousand eight hundred dollars is not the standard all the way through, but for the purpose of the discussion \$1,800 is substantially the annual salary.

Mr. BURTON. Is the committee satisfied that this increase will not set a precedent which will immediately bring about similar increases throughout the civil service?

Mr. TYDINGS. I do not think it will. The increase is long overdue. The committee was unanimous in its report. The bill has come to us as a result of what the authorities in the Capitol have had to deal with.

Mr. WHERRY. Will the increase be more than 15 percent in any one of the brackets?

Mr. TYDINGS. I do not think so.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ELLENDER. Did these individuals receive any increase together with other Federal employees last year or the year before?

Mr. TYDINGS. I do not think so.

Mr. ELLENDER. They were not included?

Mr. TYDINGS. They were overlooked, and it is becoming a little difficult to keep them on the job because they are receiving better offers elsewhere.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 1427) relating to the compensation of telephone operators on the United States Capitol telephone exchange.

Mr. TYDINGS. Mr. President, on behalf of the committee I offer an amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, after line 21, it is proposed to insert the following:

SEC. 2. The necessary amounts to carry into effect the increases herein provided, from February 1 to June 30, 1945, hereby are authorized to be paid from the appropriations for salaries of officers and employees of the Senate and of the House of Representatives for the fiscal year 1945.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

CONTINUATION OF COMMODITY CREDIT CORPORATION

Mr. BARKLEY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 29, Senate bill 298, to continue the Commodity Credit Corporation.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Kentucky.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United

States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, which had been reported from the Committee on Banking and Currency, with amendments.

Mr. BANKHEAD. Mr. President, the measure now before the Senate is commonly known as the Commodity Credit renewal bill. It has been before the Senate on a number of occasions heretofore, and I am sure that there is general familiarity by Senators with the Commodity Credit organization and with the program it has been administering.

I will say in the beginning that, so far as I know, there is no active opposition to the bill. It comes before the Senate with a unanimous report from the Committee on Banking and Currency. The committee held hearings on the bill for 2 full days and then went into executive session and discussed it frankly and freely, certain amendments were proposed, and some amendments were made to the bill.

It is confessedly—and it was so stated to the committee—a bill of the Department of Agriculture, of the administration, continuing the Commodity Credit Corporation for 2 years, and providing necessary funds to continue the administration of the program.

Mr. President, the Commodity Credit Corporation, in my judgment is, for the farmers, the best organization to be found in the Government. It makes loans on basic commodities, and some loans on commodities which are non-basic. It handles the support prices, to encourage and bring about adequate production of numerous items of food which would not be produced but for the encouragement and support given by the Commodity Credit Corporation.

When introduced, the bill increased from three billion to five billion dollars the capital authority of the Commodity Credit Corporation to make expenditures. After full discussion of and consultations about the subject, involving the testimony of the needs of the Commodity Credit Corporation and the programs which were in contemplation for the next year, and the war necessities, the committee decided to reduce the amount requested from five billion to four and a half billion dollars, which constitutes an increase of one and a half billion dollars in the authority of the Commodity Credit Corporation, as it already had a \$3,000,000,000 authorization.

Mr. President, I doubt if there would be any particular value in holding the Senate for a detailed discussion of the different items which are involved in the administration of the Commodity Credit Corporation. The list is long, and most Senators are familiar with the number of the activities. It is the judgment of the Food Administrator, Marvin Jones, and his assistants in the department, that in order to assure an adequate production of the food crops necessary during the war period, the items contained in the bill as reported by the committee are the minimum they would feel justified in relying on at this time.

Mr. President, the planting season is rapidly approaching, particularly in the

southern areas of the country, and in the case of some crops which are early seasonal crops. The War Food Administrator is exceedingly anxious to know what his authority will be so that appropriate announcements may be made for the guidance and information of the farm producers. For that reason we have proceeded, with as much diligence as possible, in the preparation of the bill and in its consideration, and we are here now asking action by the Senate on the bill.

The only other item in the bill of real consequence is the question of subsidies. Senators may recall that on the passage of the price-control bill last year there was included in the measure an amendment offered by the senior Senator from Ohio [Mr. TAFT] which provided a limitation upon subsidies and contained a provision that they should not be paid hereafter until the Congress had acted upon the specific subsidies which the department desired to use.

When the pending bill came from the department it contained a provision which eliminated, so far as the Commodity Credit Corporation was concerned, the limitation to which I have referred, and any other limitation upon the Commodity Credit Corporation in the matter of subsidies to be used in the production of crops. The subject was given full consideration, and as it dealt with an amendment which had been sponsored by the Senator from Ohio, and was finally worked out in an agreeable way, I shall ask the Senator from Ohio to make such explanation as he thinks advisable and as he desires to make regarding the settlement of that question, and the report made by the committee, which in effect amends his amendment.

Mr. TAFT. Mr. President, the Commodity Credit Corporation was formed for the purpose of buying and selling agricultural commodities and maintaining the loan price which was fixed by Congress. The operations of the Corporation for many years consisted of buying and selling. The Corporation would buy when prices began to go down and would sell when prices went up. During a period of a number of years in the maintenance of the price program the Corporation lost only about \$200,000,000, spread over a very considerable number of years.

As we came into this war we inaugurated by statute a support-price program, and extended the support-price program to a great many commodities. I think there is no question that that is a very wise program, and it has resulted in a great increase of agricultural production, as Mr. Jones' figures show.

It seems to me to be obvious that in wartimes, just as we guarantee manufacturers a fair price if they manufacture war products, it is proper to guarantee farmers a fair price if they produce farm products. That program has extended to many different kinds of commodities, and I think it meets with very general approval.

The Commodity Credit Corporation has now about \$2,000,000,000 invested in various kinds of agricultural products. It has about \$1,000,000,000 of lending power left, and has asked Congress for \$2,000,000,000 more. The committee

proposes that the Corporation be allowed one and a half billion dollars more, so that it will have two and a half billion dollars in addition to the \$2,000,000,000 which it has now invested, to be used partly, at least, for the purpose of continuing the program of supporting prices.

The various commodities which are covered are barley, rye, corn, cotton, dairy products, eggs, fruits, hemp, oil seeds, tobacco, wheat, and wool. For instance the Corporation is buying the entire wool crop this year and reselling it, probably without any loss.

The only thing that concerns me about the program at all is this: Figures have been presented respecting the additional money the Corporation will need to hold a larger inventory at the end of 1945 than that which the Corporation has today. The figures which are perhaps most interesting are \$331,000,000 for cotton and \$371,000,000 for wheat. If we continue the program, and use that amount of money, it will result in the Commodity Credit Corporation owning or controlling, by loan, approximately 11,500,000 bales of cotton and some 40,000,000 bushels of wheat. I hope very much that that will not be necessary; I hope that those products will be sold before we come to the time when the support buying is expected to begin, and that this money we are granting will not be necessary to carry out the support program. But we have made a promise as to the support program. Congress has laid down the policy that in the case of these commodities, at least, and some other standard commodities, the loan value shall continue to be 90 percent for 2 years after the war, and it may well be that it will be necessary to use the amount of money requested to purchase that additional supply.

I only question where we are going if we continue indefinitely to increase the country's holdings of cotton and wheat, and I think after the war we must certainly have to consider some more drastic method of dealing with the surplus problem.

I feel, however, that the case is perfectly made for the amount that is asked for the purpose of the support-price program and for the additional inventory that may have to be held. We cut the amount requested by \$500,000,000. I think Mr. Jones is satisfied that he could in all probability get through with that amount even if he is called upon to buy a great many commodities, and I think it is not likely that he will need quite what the bill proposes to give him.

After the war began and without further authority from Congress, the administration started the subsidy program. That program differs from the support-price program in the fact that the commodities in question are bought for the express purpose of taking a loss or paying a subsidy which will prevent an increase in the price to the consumer. That is the program about which there has been such great controversy in Congress during the past 2 years. Today, for instance, the Commodity Credit Corporation is making payments to dairy

farmers on all the milk and butter they sell. The payments are being made now at the rate of about \$450,000,000 a year. That is the largest subsidy the Commodity Credit Corporation pays. I think the meat subsidy of the R. F. C. is the only one that is larger.

Mr. President, we gradually drifted into that subsidy program. When at first it was criticized in Congress it probably involved on the part of the Commodity Credit Corporation \$250,000,000 a year. As I shall show the Senate, what we have allowed here is at the rate of \$845,000,000 a year for the subsidy program.

The support-price program differs from the other program in that while it is used to support prices, instead of trying to sell the commodities at the same price at which they were bought so there is no loss, which was the former practice, it is now deliberately planned to sell at a loss, and to absorb the difference, so that the farmer can be paid more, and the consumer not be forced to pay increased prices. That is a part of the general program.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SHIPSTEAD. The subsidy is paid to the processor, the packer, and the miller. Can the Senator tell us the commodities which are involved?

Mr. TAFT. In the case of the Commodity Credit Corporation the subsidy in nearly all instances is paid to the producer. It differs from the R. F. C. subsidies, which are not before us today. The Commodity Credit Corporation subsidies, I might say, are listed in its report, and will be found on page 3 of the report. They cover fruits for processing, vegetables for processing, dry edible beans, soybeans, peanuts, sugar, dairy production, cheddar cheese, fluid milk, shortening, peanut butter, feed wheat, and one or two other minor products.

I think there can be no question that in all these cases the subsidy goes to the producer, or it goes to the consumer, to put it in another way, because every subsidy is for the purpose of paying more to the producer at the same time that it is sold to the consumer for less.

That program has gradually grown. I personally have previously expressed my opinion on the floor that I do not think on the scale on which it is indulged it is a sound program, but it has been set up, and I have always felt that our interest is to see that it is not arbitrarily increased. When this bill came to the committee, it allowed \$2,000,000,000 more. So far as legal restrictions were concerned, the whole \$3,000,000,000 could have been used for subsidies alone, instead of for the other program.

Last year, when we revised the Price Control and Stabilization Act, we inserted this provision:

After June 30, 1945, neither the Price Administrator nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing

directly or indirectly the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose; and appropriations for such purpose are hereby authorized to be made.

Personally, I felt that appropriations for subsidies in the Commodity Credit Corporation and in the Reconstruction Finance Corporation should have been put in the Budget by the President and should have been submitted as a part of the Budget message, since that was the law of Congress; but it was not done. Mr. Jones did not want to come to the Appropriations Committee. However, it is clear under this provision that no subsidies can be paid at all unless we expressly authorize them. Since my main interest was to see that there was a definite limit on the amount that could be paid for subsidies, I agreed that it could be done in this way, by authorizing the Commodity Credit Corporation, without appropriations, to pay subsidies. So the bill provides that the particular provision of last year's law which I read shall be suspended, so far as the operations of the Commodity Credit Corporation are concerned, for the fiscal year ending June 30, 1946, provided that in this bill we now impose certain definite limitations on the subsidy program. Those limitations are set forth on page 3 of the bill.

The prior law does not go into effect until the 1st of July 1945. For the 6 months from July 1, 1945, to December 31, 1945, the Commodity Credit Corporation is limited to \$250,000,000 for operations with respect to the dairy production payment program. That is slightly more than the present rates being paid to dairy farmers. It will be remembered that last year it was the position of all the dairy interests that we ought to allow the price of milk to the consumer to be raised, and that, if we were willing to increase the price of milk to the consumer by 2 cents a quart, we could save \$500,000,000 a year. However, the administration has proceeded on the other program. I do not like to take the responsibility of forcing an increase in the price of milk. The stabilization program has worked reasonably well; and I feel that at this time we ought simply to say, "Go ahead, but do not increase the subsidy payments any further." That is the effect of this bill. Two hundred and fifty million dollars is allowed for the first 6 months of the fiscal year; and if the war continues after the 1st of next January, \$250,000,000 more for the second 6 months of the fiscal year. So there is a total authorization of \$500,000,000 for the year for dairy production payments.

For operations during the last 6 months of the calendar year 1945, \$60,000,000 is permitted for noncrop programs. Those programs are described in the report. They cover the various payments which are made throughout the entire year.

There is a limitation of \$225,000,000 with respect to 1945 crop programs. So, in case the war continues until July 1, 1946, the outside total authorization for the fiscal year 1946 is \$845,000,000. Of

the total increase of one and one-half billion dollars which we are granting by this bill, \$845,000,000 may be used for subsidy payments, and that is all that may be so used. The remainder must be used only for the ordinary buying and selling operations of the Commodity Credit Corporation.

I may say at this time that I believe the Reconstruction Finance Corporation will come to Congress with a similar request. The request of the R. F. C. will probably be closer to \$1,000,000,000. So the total subsidy program is likely to cost, and is now costing, at the rate of about \$2,000,000,000 a year. I have never been entirely against subsidies. I believe that many subsidies should be paid. I think we should have been much better off if we had limited subsidies when they were approximately \$500,000,000 a year, or even \$1,000,000,000 a year. The difference of opinion as to what should be done was so great that the law which was finally enacted permitted a gradual increase in the program. I have always felt that we should freeze it and say to the Administration "If you want to pay more subsidies, you must obtain authorization from Congress," because subsidy payments are definite expenses of the Government. When they are paid, they are gone. There is no possibility under any circumstances of recouping them. They are just as much a war expenditure of the Government as are expenditures of the Army, the Navy, or any other war agency. I feel that the proper policy for Congress is to freeze subsidy payments about where they are. We have allowed a little leeway. I believe that the present program could be carried on for \$750,000,000 or \$800,000,000, instead of \$845,000,000. We have allowed some leeway for minor increases. So the Administration is not absolutely tied hand and foot. But, in substance, the policy of the bill is to freeze the present scale of subsidy payments, unless the Congress at a later date should see fit to increase them. I believe that this is the best policy we can pursue at present, and I hope the bill may be passed.

Mr. BAILEY. Mr. President, the Senator from Ohio has just said that he did not know where we were going. I think it is all written down in the record of the transactions of 5,000 years ago. It was recorded in final form about 3,000 years ago. It is supposed to have been read by all the generations since, so I shall not repeat it. It will be found in the forty-seventh chapter of Genesis. That is where we are going. It is the story of Joseph, who, I think, was the Jesse Jones of that generation.

Mr. President, I rose merely to remark that Thomas Carlyle, the British philosopher and essayist, remarked, toward the close of the first fifty years of the Nineteenth century, that the American people were peculiar, that they differed from all other peoples in one special respect, namely, that they really believed that they could postpone doomsday or bring in the millenium by act of Congress.

Mr. President, that is all I have to say.

Mr. BANKHEAD. Mr. President, this is one of the most important bills relating to food supplies that will be presented at this session of Congress. There is practically unanimous support for the bill. The War Food Administrator requested it. All the farm organizations are together in support of it. The outstanding organizations of farmers have not always been in accord, but they are in full agreement in support of the pending bill. After full consideration, the committee unanimously reported it. I hope the bill will be passed without any dissenting votes.

The VICE PRESIDENT. The clerk will proceed to state the committee amendments.

The first amendment reported by the Committee on Banking and Currency was, in section 1, on page 1, line 6, after the word "term", to strike out "\$5,000,000,000" and insert "\$4,500,000,000."

The amendment was agreed to.

The next amendment was, in section 1, on page 2, line 7, after the word "as", to strike out "to increase the consumption of such commodity and."

The amendment was agreed to.

The next amendment was, on page 2, after line 16, to strike out—

SEC. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization, Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities, or to absorb abnormal costs in connection with the transportation of agricultural commodities and foods.

SEC. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, for the purpose of maintaining maximum prices established pursuant to provisions of the Emergency Price Control Act of 1942, as amended and supplemented, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$250,000,000 for operations during the 6-month period ending December 31, 1945, with respect to the dairy production payment program, (2) \$60,000,000 for operations during the 6-month period ending December 31, 1945, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations. Should hostilities in the present war extend beyond December 31, 1945, such dairy production payment program and other noncrop program operations involving such subsidy payments and losses may be continued on a basis which, taking into account seasonal variations in rates and production, will not involve such subsidy payments and losses in excess of \$250,000,000 for operations during the 6-month period ending June 30, 1946, with respect to the dairy production payment program, or \$60,000,000 for operations during the 6-month period ending June 30,

1946, with respect to other noncrop programs, including the feed-wheat program: *Provided, however*, That if hostilities cease before June 30, 1946, no additional obligations provided for in this sentence may be incurred by the Commodity Credit Corporation with respect to such programs after the date on which hostilities cease.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments. If there be no further amendments to be offered, the question is on the third reading of the bill.

The bill was read the third time.

Mr. BALL. Mr. President, I should like to ask a question of the Senator from Ohio, who has discussed the bill. The \$845,000,000 for subsidies is in effect an appropriation made by increasing the borrowing power of the Commodity Credit Corporation, it seems to me. Is that correct?

Mr. TAFT. I think that is correct. The Commodity Credit Corporation perhaps would already have the \$845,000,000, even if we were not to increase the borrowing power. We are increasing the borrowing power a billion and a half dollars, and the Corporation already has, according to its statement, about a billion dollars more. So the \$845,000,000 could be obtained from the billion dollars the Corporation already has, even though the Congress did not appropriate the additional money. But in effect it is an appropriation of \$845,000,000, because when it is used there is no possibility of getting it back.

Mr. BALL. If the Senator will further yield, let me inquire whether the Congress will not eventually have to appropriate directly out of the Treasury the funds necessary to make up whatever is paid out in subsidies during the war by the Commodity Credit Corporation?

Mr. TAFT. Yes. The Commodity Credit Corporation Act provides that on the 1st of every March, as I recall—and now we would change that to the 1st of July—an inventory shall be made of all the products, and a determination shall be made of how much the Corporation has impaired its capital by losses, and then Congress is practically forced by the law to appropriate the amount of money necessary to make up the losses. So ultimately there will be an appropriation of the \$845,000,000 in order to prevent the capital of the Corporation from being impaired.

Mr. BANKHEAD. Mr. President, I call the Senator's attention to the fact that under the Taft amendment the appropriations are now authorized.

Mr. TAFT. The appropriations are already authorized under the former law, I believe. That has been the regular practice.

I may say that, although we do not yet have the complete figures, apparently during the past year or year and a half the subsidy program has actually cost the Commodity Credit Corporation \$553,000,000, and no doubt we shall be asked to appropriate that sum of money next summer, as soon as the July 1 audit is made. The sum of money which we shall be asked to appropriate may be a larger one, of course. What we are now au-

thorizing will not be finally appropriated for until the summer of 1946 or possibly 1947.

Mr. BALL. I thank the Senator. That is the point I wished to have discussed.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 298) was passed, as follows:

Be it enacted, etc., That section 4 of the act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$3,000,000,000" and inserting in lieu thereof the term "\$4,500,000,000."

SEC. 2. In the event the War Food Administrator determines that there is danger of loss or waste through spoilage in the stocks of any nonbasic perishable commodity owned or controlled by the Commodity Credit Corporation, the Corporation may sell or cause to be sold such stocks of such commodity below the parity or comparable price therefor and the Corporation shall, insofar as practicable, make such sales, or cause them to be made, in such manner as to prevent the depression of the farm price of the commodity.

SEC. 3. The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the 2-year period beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated.

SEC. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, for the purpose of maintaining maximum prices established pursuant to provisions of the Emergency Price Control Act of 1942, as amended and supplemented, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$250,000,000 for operations during the 6-month period ending December 31, 1945, with respect to the dairy production payment program, (2) \$60,000,000 for operations during the 6-month period ending December 31, 1945, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations. Should hostilities in the present war extend beyond December 31, 1945, such dairy production payment program and other noncrop program operations involving such subsidy payments and losses may be continued on a basis which, taking into account seasonal variations in rates and production, will not involve such subsidy payments and losses in excess of \$250,000,000 for operations during the 6-month period ending June 30, 1946, with respect to the dairy production payment program, or \$60,000,000 for operations during the 6-month period ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program: *Provided, however*, That if hostilities cease before June 30, 1946, no additional obligations provided for in this sentence may be incurred by the Commodity Credit Corporation with respect to such programs after the date on which hostilities cease.

SEC. 5. The first two sentences of section 1 of the act approved March 8, 1938 (52 Stat. 107), as amended, are hereby amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

SEC. 6. The first sentence of section 7 of the act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by striking out "June 30, 1945" and inserting in lieu thereof "June 30, 1947."

MARINO BELLO

Mr. BARKLEY. Mr. President, as the result of the action the Senate has taken today only one bill remains on the calendar. It is Senate bill 410, for the relief of Marino Bello. It is a private claim bill. In order that we may complete action on measures on the calendar, I ask unanimous consent that the Senate may now proceed to the consideration of that bill.

The VICE PRESIDENT. The bill will be read by title.

The CHIEF CLERK. A bill (S. 410) for the relief of Marino Bello.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Claims, with an amendment, which was, on page 1, in line 6, after the words "sum of", to strike out "\$5,233" and insert "\$2,333", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Marino Bello, of Los Angeles, Calif., the sum of \$2,333, in full satisfaction of his claims against the United States for (1) compensation for personal injuries sustained by him, (2) reimbursement of medical expenses incurred by him because of such injuries, and (3) damage to his automobile, as a result of an accident which occurred when his automobile was struck by a United States Army vehicle at the intersection of Aliso and Alameda Streets in Los Angeles, Calif., on January 29, 1942: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by an agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FINANCIAL CONTROL OF GOVERNMENT CORPORATIONS

Mr. BUTLER. Mr. President, the distinguished junior Senator from Virginia

[Mr. BYRD] today introduced a bill in his own behalf and in my behalf. In connection with the introduction of the bill, I desire to make a few brief remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. BUTLER. Mr. President, for about 2 years I have been studying the operations and activities of Government corporations. As a new member of the Senate, I discovered that certain corporations of the Government were operating in the field of Government financing in ways unknown to Members of Congress. I felt that Congress should be informed of these activities. As a result, in February 1943, I introduced Senate Concurrent Resolution No. 8, calling for an investigation of all Government financing agencies, including Government corporations in that field. The Byrd Committee subsequently made a comprehensive and enlightening study of these agencies.

My first interest in the general overall picture of Government corporations resulted from my trip to South America in the summer of 1943. It was then that I discovered a number of Government corporations which I and, I am sure, a majority of Congress, never knew existed. Further, I discovered that certain corporations about which we knew were engaging in activities of which Congress was not aware. I say this not so much in criticism of the corporations, as I do of Congress in failing to provide machinery for securing information concerning creatures of Government for which Congress should be responsible. I reported my findings in South America to the Byrd Committee.

I claim no credit for the subsequent splendid report made by the Byrd Committee in August 1944, on Government corporations. However, I do believe that that report gave Congress the first real picture of this fourth branch of Government which has grown so much like Topsy in the past several years.

On September 21 of last year, I spoke at length in this chamber, setting forth the history and far-reaching effect of Government corporations. In order to avoid reiterating that statement, familiarity with which I believe is vital to a complete understanding of the present situation, I suggest that the Members of the Senate may wish to review it at their leisure.

Government corporations can be compared to any private business corporation. As a rule they are incorporated under State charters. They have a certain capital on which they operate. They are run by officers charged with duties similar to those of the officers of private corporations. Their capital comes from taxes collected from the people, thus making the people the stockholders. In corporations wholly owned by the Government, this is particularly true. Logically, we in Congress, elected by the people, can be considered the board of directors of these corporations. As the board of directors, our duty is to develop the policy of the corporations, review their activities, and generally guide their programs. To date

we have, to some extent, failed in this responsibility.

Some Government corporations have engaged in questionable activities; some have pursued a sound course. But in either case Congress should act. We have a definite responsibility to the people as their board of directors. For months I have received letters from, and have talked to, many responsible people who have recognized this failure. During the past several weeks the Senator from Virginia [Mr. BYRD] and I have conferred with representatives of the General Accounting Office, the Bureau of the Budget, and the Treasury Department. The unanimous response was surprising. All these agencies agree that a definite need exists for Congress to set up a uniform structure in which Government corporations should operate.

As a result of many conferences, and without any consideration for recent political occurrences, a bill was drafted. I am happy to say that the three agencies, the Senator from Virginia [Mr. BYRD], and I are in complete agreement as to the contents of this bill. Some of us feel that the bill does not go far enough, but we all feel that it establishes a basically sound policy for the organization and operation of Government corporations responsible to Congress and the people.

Very briefly, I wish to outline the provisions of the bill. The bill, when and if passed, will be called the Government Corporations Control Act. The bill covers both wholly owned and mixed-ownership Government corporations. Such corporations as Commodity Credit, in which all stock is owned by the Government, comes in the first class. I may say in this connection that the bill which the Senate acted upon early in the day was handled in almost exactly the same manner that is provided for in the bill to which I am referring.

The second class, much smaller by comparison, contains the Federal land banks, the Federal home-loan banks, the Central Bank for Cooperatives, and the regional banks for cooperatives. In this group banks or individuals own part of the stock and the Federal Government the remainder. Under the proposed bill the wholly owned corporations would be required to submit a detailed budget program to the Bureau of the Budget at the beginning of each fiscal year and the President would submit these estimates to Congress in the annual Budget. Specific requirements are provided. These include estimates of administrative expenses, estimates of necessary borrowing by the corporation, estimates of the amount of capital funds to be returned to the Treasury during the fiscal year or the appropriations required to provide for the reissuance of authorized capital or the restoration of capital impairments. Congress may then approve or modify such estimates as it sees fit. The General Accounting Office is to audit the financial transactions of these corporations each year and submit such audit to Congress. No additional Government capital or paid-in surplus is to be subscribed or paid in to any of these corporations without specific authorization

from Congress. The Director of the Budget, with the approval of the President, at any time he deems it to be in public interest, may recommend in the annual Budget that certain corporations be treated as Government agencies insofar as appropriations, expenditures, receipts, accounting, and other fiscal matters are concerned.

Mixed-ownership corporations are to be audited by the General Accounting Office, and reports are to be made annually to Congress similar to those required in the case of wholly owned corporations.

Other general provisions are included which support the above program.

May I stress that this bill in no way hinders the operation of Government corporations. Instead, it sets a definite pattern of operation for them and places them under the control of Congress, as any Government agency should be. Congress must accept its obligations in this matter. We have avoided it too long. If we fail in this and subsequent duties entrusted to us by the people, we fail the cause of representative government for which our sons are fighting and dying.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an excerpt from the President's budget message of 1940 in which he apparently approves of exactly the form which we are suggesting in this bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

I recognize the merit of constructive suggestions of this nature by recommending in my last Budget message a change in the method of financing the requirements of the Commodity Credit Corporation. This recommendation provided for an annual appraisal of the assets and liabilities of the Corporation, and contemplated that any surplus from operations or any impairment of capital resulting from losses as reflected by receipts or expenditures in the annual Budget. Under this method the Budget would be affected, not when the investment or loan is made, but in the fiscal year when the surplus or loss occurs.

Mr. BUTLER. The present bill provides this procedure.

Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an excerpt from the report of the Secretary of the Treasury, CARTER GLASS, for 1919, setting forth exactly the same views which are covered by this bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

INCORPORATED GOVERNMENT AGENCIES

The subject of incorporated Government agencies is closely related in its importance to the Treasury to that of appropriation for revolving funds and reimbursable appropriations. This means of handling some large and unusual activities of the Government was necessary during the war, but, now that the emergency has passed, there can be no justification, generally speaking, for the creation of new Government-owned corporations or the continuation of those in existence except in unusual cases or for the purpose of winding up their affairs. At the least, such agencies should

not be exempted from amenability in future to the accounting laws of the United States and the regulations of the Treasury made in pursuance to the statutes unless good and controlling reasons are given therefor. The particular advantage, which I should rather call menace in time of peace, accruing to Government functions so organized, is the freedom which they enjoy in the expenditure of public money without the legal restrictions that the Congress has imposed with respect to the usual transactions of the Government. If these activities were sustained by specific appropriations and were required to withdraw their funds from the Treasury in the manner prescribed for other Government establishments with the same accountability both as to disbursements and receipts, there would be little or no ground for the corporate form of organization.

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a copy of the bill which has been introduced.

There being no objection, the bill (S. 469) was ordered to be printed in the RECORD, as follows:

A bill to provide for financial control of Government corporations

Be it enacted, etc., That this act may be cited as the "Government Corporation Control Act."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of the Congress to bring Government corporations and their transactions and operations under annual scrutiny by the Congress and provide current financial control thereof.

"TITLE I—WHOLLY-OWNED GOVERNMENT CORPORATIONS

"SEC. 101. As used in this act the term 'wholly-owned Government corporation' means Commodity Credit Corporation, Federal Intermediate Credit Banks; Production Credit Corporations; Regional Agricultural Credit Corporations; Farmers Home Corporation; Federal Crop Insurance Corporation; Federal Farm Mortgage Corporation; Federal Surplus Commodities Corporation; Reconstruction Finance Corporation; Defense Plant Corporation; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company; War Damage Corporation; Federal National Mortgage Association; The RFC Mortgage Company; Disaster Loan Corporation; Inland Waterways Corporation; Warrior River Terminal Company; The Virgin Islands Company; Federal Prison Industries, Inc.; United States Spruce Production Corporation; Institute of Inter-American Affairs; Institute of Inter-American Transportation; Inter-American Educational Foundation, Inc.; Inter-American Navigation Corporation; Prencinradio, Inc.; Cargoes, Inc.; Export-Import Bank of Washington; Petroleum Reserves Corporation; Rubber Development Corporation; United States Commercial Company; Smaller War Plants Corporation; Federal Public Housing Authority (or United States Housing Authority) and including public housing projects financed from appropriated funds and operations thereof; Defense Homes Corporation; Federal Savings and Loan Insurance Corporation; Home Owners' Loan Corporation; United States Housing Corporation; Federal Deposit Insurance Corporation; Panama Railroad Company; Tennessee Valley Authority; Tennessee Valley Associated Cooperatives, Inc.; any other corporation which is wholly-owned by the United States Government or by any agency thereof, including Government corporations.

"SEC. 102. Each wholly owned Government corporation shall cause to be prepared annually a budget program covering all operations for the ensuing fiscal year with com-

4. BANKING AND CURRENCY. Rep. Crawford, Mich., criticized an American Banker article by Secretary Morgenthau, stating, "Since when has the Secretary of the Treasury received authority to determine what kind of legislation this Congress is going to enact on such matters as international currency stabilization and the international bank" (pp. 868-9).

SENATE

NOT IN SESSION. Next meeting Thurs., Feb. 8,

BILLS INTRODUCED

5. LEND-LEASE. H. R. 2013, by Rep. Bloom, N. Y., to extend the Lend-lease Act for 1 year. To Foreign Affairs Committee. (p. 898.)
6. VETERANS; SURPLUS PROPERTY. H. R. 2016, by Rep. McDonough, Calif., granting to veterans certain benefits and priorities in connection with the acquisition by them of surplus property. To Expenditures in Executive Departments Committee (p. 898-9.); and H. R. 2017, to amend the Mustering-out Payment Act of 1944, granting to veterans certain benefits and priorities in connection with the acquisition by them of surplus property. To Military Affairs Committee. (p. 899.)
7. COMMODITY CREDIT. H. R. 2023, by Rep. Spence, Ky., to continue CCC as an agency of the U. S., increase its borrowing power, revise the basis of the annual appraisal of its assets, etc. To Banking and Currency Committee. (p. 899.)
8. A.A.A. TOBACCO. H. J. Res. 94, by Rep. Clements, Ky., relating to the marketing of fire-cured and dark air-cured tobacco under the AA Act of 1938. To Agriculture Committee. (p. 899.)
9. FARM LABOR. H. Con Res. 27, by Rep. Lemke, N. Dak., to reaffirm the necessity of the Tydings amendment in our war effort, and creating a congressional committee to investigate the necessity of agricultural deferments. To Rules Committee. (p. 899.)
10. RENT CONTROL. H. R. 2022, by Rep. Crawford, Mich., to aid in preventing inflation, to stabilize rents of D. C. commercial property. To District of Columbia Committee. (p. 899.)

ITEMS IN APPENDIX

11. TRANSPORTATION; FOREIGN TRADE. Rep. Coffee, Wash., inserted his address with respect to the place of America's merchant marine in the post-war era (pp. A503-4).
12. FARM LABOR. Speech in the House by Rep. Woodruff, Mich., including communications, on directives and legal aspects on the drafting of farm labor (pp. A504-5).
Extension of remarks of Rep. Bunker, Nev., including a Nev. Legislature resolution, opposing the induction of farm labor (pp. A508-9).
13. NATIONAL SERVICE. Extension of remarks of Reps. Schwabe, Okla., Philbin, Mass., and Robsion, Ky., criticizing H. R. 1752, "the work-or-fight bill" (pp. A505-6, A509-10, A513-6).

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 7, 1945, for actions of Tuesday, February 6, 1945)

(For staff of the Department only)

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HOUSE

1. CENSUS OF AGRICULTURE. Began debate on H. J. Res. 85, appropriating \$6,784,000 additional for the census of agriculture for fiscal year 1945 (pp. 869-94). Reps. Michener, Mich., Brown, Ohio, Rich, Pa., and Taber, N. Y., criticized this measure, claiming that it would adversely affect the labor market during the manpower shortage (pp. 871-3). Reps. Jones, Ohio, and Johnson, Okla., discussed the possibility of the AAA "doing this job" (p. 874). Rep. Cannon, Mo., inserted Secretary Wickard's, Judge Jones', H. R. Tolley's, and others' letters to him favoring this project (pp. 879-83). Rep. Dirksen, Ill., opposed enactment of this resolution as unnecessary expenditure at this time and suggested that the Census Bureau would be able to get the pertinent information from this Department (pp. 883-5).
2. APPROPRIATIONS. Received from the President supplemental appropriation estimates as follows:
Department of Agriculture, \$29,750,000 for AAA (for (1) \$29,500,000 for payments at \$5. an acre, (2) \$200,000 for county association expenses, and (3) \$50,000 for AAA administrative expenses) (H. Doc. 64). (Amends 1946 Budget.)
Department of Agriculture, \$3,297,000 (BE&PQ, control of insect pests and plant diseases, \$1,088,000; FS, for fighting forest fires, \$1,959,114; and AAA, flax payment program, 1945 crop \$250,000) (H. Doc. 65);
Departments of Agriculture, Commerce, and Labor, for basic economic statistics, \$13,098,000 (\$205,000 for BAE for consumer income data, \$492,000 for BAE and \$327,000 for BHN&HE for consumer expenditures and savings data) (H. Doc. 54);
Treasury Department, \$291,979,881.04 (including \$256,764,881.04 for restoration of CCC capital impairment and \$30,000,000 for subscriptions for FCIC capital stock) (H. Doc. 48);
OPA, \$6,790,000 (H. Doc. 49; and
WMC, \$5,567,400 (H. Doc. 63) (p. 898).
3. A. A. A. ALLOTMENTS. Rep. Flannagan, Va., requested immediate consideration of S. 338, to protect the allotments of farmers who have shifted to war crops or who have entered the armed services, but Rep. Rankin, Miss., objected, stating, "consideration should be postponed until we vote on the bill [H. J. Res. 85] now before the House" (p. 894).

erty; to the Committee on Expenditures in the Executive Departments.

H. R. 2017. A bill to amend the Mustering-out Payment Act of 1944, granting to veterans certain benefits and priorities in connection with the acquisition by them of surplus property; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas:

H. R. 2018. A bill to carry out obligations of the United States under article 27 of the Geneva Convention relating to compensation for certain injuries to interned workers, and for other purposes; to the Committee on the Judiciary.

H. R. 2019. A bill to make it a criminal offense for certain escaped convicts to travel from one State to another; to the Committee on the Judiciary.

By Mr. VOORHIS of California:

H. R. 2020. A bill to amend title X of the Social Security Act; to the Committee on Ways and Means.

By Mr. WALTER:

H. R. 2021. A bill to affirm the intent of the Congress that the regulation of the business of insurance remain within the control of the several States and that the acts of July 2, 1890, and October 15, 1914, as amended, be not applicable to that business; to the Committee on the Judiciary.

By Mr. CRAWFORD:

H. R. 2022. A bill to aid in preventing inflation, to stabilize rents of commercial property in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SPENCE:

H. R. 2023. A bill to continue Commodity Credit Corporation as an agency of the United

States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes; to the Committee on Banking and Currency.

By Mr. WEISS:

H. R. 2024. A bill providing for classification of clerks in third-class post offices, and for other purposes; to the Committee on the Post Office and Post Roads.

H. R. 2025. A bill to increase allowances for clerk hire in post offices of the third-class, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. LEMKE:

H. Con. Res. 27. Concurrent resolution to reaffirm the necessity of the Tydings amendment in our war effort, and creating a congressional committee to investigate the necessity of agricultural deferments; to the Committee on Rules.

By Mr. CLEMENTS:

H. J. Res. 94. Joint resolution relating to the marketing of fire-cured and dark air-cured tobacco under the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to appropriate additional and adequate funds annually for the maintenance and operation of the San Joaquin experimental range; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CUNNINGHAM:

H. R. 2026. A bill for the relief of the York Products, Inc.; to the Committee on Claims.

By Mr. McCORMACK:

H. R. 2027. A bill for the relief of the estate of Alexander McLean, deceased; to the Committee on Claims.

By Mr. O'HARA:

H. R. 2028. A bill for the relief of John Visnovec, Rose Visnovec, and Helen Visnovec; to the Committee on Claims.

By Mr. PETERSON of Florida:

H. R. 2029. A bill for the relief of Wesley J. Stewart; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

57. By Mr. ANDERSON of New Mexico: Senate Memorial No. 2 of the seventeenth legislature, State of New Mexico, to the Congress of the United States of America relating to the purchase of Indian-owned lands in Santa Fe and Rio Arriba Counties; to the Committee on Indian Affairs.

58. By the SPEAKER: Petition of Workmen's Benefit Fund of America, San Francisco, Calif., branch 102, petitioning consideration of their resolution with reference to the reduction of the present age limit of 65 down to 60 years of age to be eligible to receive the old-age pension; to the Committee on Ways and Means.

79TH CONGRESS
1ST SESSION

H. R. 2023

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 1945

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 4 of the Act approved March 8, 1938 (52
4 Stat. 108), as amended, is amended by striking out
5 “\$3,000,000,000” and inserting in lieu thereof “\$5,000,-
6 000,000”.

7 SEC. 2. Subsection (c) of section 381 of the Agricul-
8 tural Adjustment Act of 1938 (52 Stat. 67) is amended
9 to read as follows:

1 “(c) During the continuance of the present war and until
2 the expiration of the two-year period beginning with the
3 1st day of January immediately following the date upon
4 which the President by proclamation or the Congress by
5 concurrent resolution declares that hostilities in the present
6 war have terminated, the Commodity Credit Corporation
7 shall not sell any farm commodity owned or controlled by
8 it at less than the parity or comparable price therefor, ex-
9 cept that the foregoing restriction shall not apply to (1)
10 sales for new or byproduct uses; (2) sales of peanuts for
11 the extraction of oil; (3) sales for export; (4) sales for
12 seed or feed: *Provided*, That no wheat or corn shall be
13 sold for feed at less than parity price for corn at the time
14 such sale is made: *And provided further*, That in making
15 regional adjustments in the sale price of corn or wheat
16 for feed, the minimum price need not be higher in any area
17 than the United States average parity price for corn; (5)
18 sales of commodities which have substantially deteriorated
19 in quality or of nonbasic perishable commodities where
20 there is danger of loss or waste through spoilage; or (6)
21 sales for the purpose of establishing claims against per-
22 sons who have committed fraud, misrepresentation, or other
23 wrongful acts with respect to the commodity. The method
24 that is now used for the purposes of Commodity Credit Cor-
25 poration loans for determining the parity price or its equiva-

1 lent for seven-eighths-inch Middling cotton at the average
2 location used in fixing the base loan rate for cotton shall
3 also be used for determining the parity price for seven-
4 eighths-inch Middling cotton at such average location for
5 the purposes of this section.”

6 SEC. 3. The last paragraph of section 2 (e) of the
7 Emergency Price Control Act of 1942, as amended by the
8 Stabilization Extension Act of 1944, shall not apply to
9 the operations of the Commodity Credit Corporation
10 designed to support prices or obtain production of agricul-
11 tural commodities, or to absorb abnormal costs in connec-
12 tion with the transportation of agricultural commodities
13 and foods.

14 SEC. 4. The first two sentences of section 1 of the
15 Act approved March 8, 1938 (52 Stat. 107), as amended,
16 are amended to read as follows:

17 “As of the 30th of June in each year and as soon as
18 possible thereafter, beginning with June 30, 1945, an
19 appraisal of all of the assets and liabilities of the Commodity
20 Credit Corporation for the purpose of determining the net
21 worth of the Commodity Credit Corporation shall be made
22 by the Secretary of the Treasury. The value of assets
23 shall be determined on the basis of the cost of such assets
24 to the Commodity Credit Corporation, or insofar as prac-
25 ticable, the average market price of such assets during the

1 last month of the fiscal year covered by the appraisal,
2 whichever is the lower, and a report of any such appraisal
3 shall be submitted to the President as soon as possible after
4 it has been made.”

5 SEC. 5. The first sentence of subsection (a) of section
6 7 of the Act approved January 31, 1935 (49 Stat. 4),
7 as amended, is amended by striking out “June 30, 1945”
8 and inserting in lieu thereof “June 30, 1947”.

79TH CONGRESS
1ST SESSION

H. R. 2023

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

By Mr. SPENCE

FEBRUARY 6, 1945

Referred to the Committee on Banking and Currency

COMMODITY CREDIT. Banking and Currency Committee reported without amendment H.R. 2023, to continue CCC as a U.S. agency, to increase its borrowing power, etc. (H. Rept. 58) (p. 936). The bill provides for increasing CCC's borrowing power by \$2,000,000,000; that during the present war and for two years thereafter CCC shall not sell any farm commodity at less than parity or comparable price, except that this restriction shall not apply to (1) sales for new or byproduct uses, (2) sales of peanuts for the extraction of oil, (3) sales for export, (4) sales for seed or feed, provided that no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made, (5) sales of deteriorated commodities if there is danger of waste through spoilage, or (6) sales for the purpose of establishing claims for fraud; for the method of determining the parity price for 7/8 Middling cotton "at the average location"; that the prohibition against subsidy payments in the Stabilization Extension Act of 1944 shall not apply to CCC in its operations designed to support prices or obtain production of agricultural commodities, or to absorb costs in connection with the transportation of agricultural commodities and foods; for annual appraisal of CCC assets as of June 30 on the basis of the cost of such assets to CCC, or, insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is lower; and that CCC shall continue as a U.S. agency until June 30, 1947.

FARM LABOR. Rep. Flannagan, Va., criticized Selective Service's handling of the farm-labor induction situation and inserted the Tydings amendment, SSS's directive and supplement, and General Hershey's editorial and testimony in connection with this situation. Rep. Flannagan inserted also his proposed amendment to H.R. 1752, the May national-service bill, which "would clear up the matter and force the Selective Service to construe the Tydings amendment as the Congress intended it should be construed" (pp. 932-4).

APPROPRIATIONS. Received (Feb. 6) from the President supplemental appropriation estimates as follows:

National Housing Agency, \$90,000,000 for wartime housing (H. Doc. 52);

Federal Works Agency, \$23,000,000, for financing public-works programs (H. Doc. 53); and

Interior Department, \$36,000 for the administration of the Grazing Service; and \$126,000 for the Reclamation Bureau for continuing construction of the Colorado River project, Tex. (H. Doc. 66). To Appropriations Committee.

VEHICLES. Received (Feb. 6) from the President a proposed provision in the form of an amendment to the Budget limiting to \$1,500 the amount which Government agencies may pay for automobiles (H. Doc. 57). To Appropriations Committee.

SENATE

NOT IN SESSION. Next meeting Thurs., Feb. 8.

BILLS INTRODUCED

PURCHASING. H. R. 2030, by Rep. Wasielewski, Wis., to replace the present cost-plus and other systems of contracting for public construction by a system of negotiated lump-sum contracts. To Judiciary Committee. (p. 936.) Remarks of author (p. A520-2).

PROPERTY ACQUISITION. H. R. 2034, by Rep. Whitten, Miss., to make more uniform a trial on the issue of compensation in cases of condemnation of property and H. R. 2035, making more uniform trial of the issue of compensation in cases of condemnation of property. To Judiciary Committee. (p. 936.)

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 23

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued February 8, 1945, for actions of Wednesday, February 7, 1945)

(For staff of the Department only)

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HOUSE

1. A.A.A. ALLOTMENTS. Passed as reported S. 338, which authorizes cotton and wheat allotments of any farm to be protected even though such crops have not been planted for the past 3 years, if the normal history of the farm has been upset because of war-crop production; authorizes wheat, cotton, and peanut allotments to be protected if the owner or operator has been serving in the armed forces; and authorizes an upward adjustment for peanut acreage on farms where the peanut acreage is below the normal history of the farm (pp. 909-10).
2. CENSUS OF AGRICULTURE. Passed, 198-171, without amendment H.J. Res. 85, appropriating \$6,784,000 additional for the census of agriculture for the fiscal year 1945 (pp. 903-9).
Rejected (153-177, 179-193) Rep. Taber's (N.Y.) motions for Committee of the Whole to report the resolution to the House with the resolving clause stricken (pp. 903-4), and to recommit with instructions to report it amended to prohibit deferment because of employment in connection with the census (pp. 907-8).
Rejected amendments by:
Rep. Andresen, Minn., 90-142, to reduce the amount to be appropriated to \$2,500,000 (pp. 904-6) after rejecting Rep. Rich's (Pa.) amendment to the Andresen amendment by reducing the amount to \$1 (pp. 905-6); and
Rep. Vorys, Ohio, 89-144, to prohibit deferment from military or essential service because of employment in connection with the taking, preparing, compiling, or publishing of the Quinquennial Census of Agriculture (pp. 906-7).
3. INDEPENDENT OFFICES APPROPRIATION BILL. Began general debate on H. R. 1984 (pp. 910-29, 932). (For bill's provisions see Digest 21.) Reps. Woodrum, Va., and Cannon, Mo., discussed the bill's provisions (pp. 910-9). Rep. Wigglesworth, Mass., criticized the size of the appropriations, urged GAO audit of all financial transactions, and inserted tables showing unobligated balances of appropriations as of Nov. 30, 1944 (pp. 920-8).
4. LOAN AGENCIES. Banking and Currency Committee reported without amendment S. 375, separating RFC and subsidiaries from the Commerce Department (H. Rept. 60) (p. 936).

Mr. LANE. I thank the gentleman from New York for his contribution.

Mr. DICKSTEIN. May I also call to the gentleman's attention the fact that not only were 4,500,000 Hebrews or persons of Jewish blood in Belgium, Poland, and Holland, people who were nationals of those countries, killed in cold blood, but many Catholics and Protestants were killed also, running into the hundreds of thousands.

Mr. LANE. The gentleman is right.

Mr. DICKSTEIN. So the scope of the question is much larger than what the gentleman expressed, dealing only with Hebrews.

Mr. LANE. I thank the gentleman.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial from the Atlanta Journal of Atlanta, Ga.

The SPEAKER. Is there objection to the request of the gentleman from Texas? There was no objection.

[The matter referred to appears in the Appendix.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LAFOLLETTE (at the request of Mr. HALLECK), for an additional 30 days, on account of necessary and official business.

To Mr. HAND (at the request of Mr. WOLVERTON of New Jersey), for today, on account of illness.

To Mr. O'TOOLE (at the request of Mr. BYRNE of New York), indefinitely, on account of illness.

ENROLLED BILL SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 1427. An act relating to the compensation of telephone operators on the United States Capitol telephone exchange.

ADJOURNMENT

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p. m.), under its previous order, the House adjourned until tomorrow, Thursday, February 8, 1945, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, February 8, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce, at 10 o'clock a. m., Thursday, February 8, 1945, to resume hearings on H. R. 1362, railroad retirement bill.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

(Thursday, February 15, 1945)

The Committee on the Merchant Marine and Fisheries will hold a public hearing Thursday, February 15, 1945, at

10 o'clock a. m., on H. R. 1425, to provide for the sale of certain Government-owned merchant vessels, and for other purposes.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SPENCE: Committee on Banking and Currency. H. R. 2023. A bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes; without amendment (Rept. No. 58). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 1523. A bill relating to escapes of prisoners of war and interned enemy aliens; without amendment (Rept. No. 59). Referred to the House Calendar.

Mr. SPENCE: Committee on Banking and Currency. S. 375. An act to provide for the effective administration of certain lending agencies of the Federal Government; without amendment (Rept. No. 60). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WASIELEWSKI:

H. R. 2030. A bill to replace the present cost-plus and other systems of contracting for public construction by a system of negotiated lump-sum contracts; to the Committee on the Judiciary.

By Mr. FARRINGTON:

H. R. 2031. A bill to permit the naturalization of native-born Filipinos; to the Committee on Immigration and Naturalization.

By Mr. PETERSON of Georgia:

H. R. 2032. A bill authorizing general shoreline investigations at Federal expense, and to repeal an act for the improvement and protection of the beaches along the shores of the United States, approved June 26, 1936; to the Committee on Rivers and Harbors.

H. R. 2033 (by request). A bill authorizing Federal participation in the cost of protecting the shores of publicly owned property; to the Committee on Rivers and Harbors.

By Mr. WHITTEN:

H. R. 2034. A bill to make more uniform a trial on the issue of compensation in cases of condemnation of property; to the Committee on the Judiciary.

H. R. 2035. A bill making more uniform trial of the issue of compensation in cases of condemnation of property; to the Committee on the Judiciary.

By Mr. BENNETT of Missouri:

H. R. 2036. A bill to provide for award of the Order of the Purple Heart and authorizing an award to civilians wounded by enemy action; to the Committee on Military Affairs.

By Mr. BROOKS:

H. R. 2037. A bill amending Public Law 322, Seventy-seventh Congress, chapter 501, first session (H. R. 5750); to the Committee on Military Affairs.

By Mr. DE LACY:

H. R. 2038. A bill to establish a United States Naval Academy in the Puget Sound area of the State of Washington; to the Committee on Naval Affairs.

By Mr. LANE:

H. R. 2039. A bill to extend the time for filing applications for payment of World War adjusted-service certificates to January 1,

1946, and for other purposes; to the Committee on Ways and Means.

By Mr. LARCADE:

H. R. 2040. A bill to amend the Mustering-Out Payment Act of 1944 to provide mustering-out payments for certain persons discharged or relieved from active service in the armed forces to accept employment; to the Committee on Military Affairs.

By Mr. LUTHER A. JOHNSON:

H. R. 2041. A bill to amend the Interstate Commerce Act, to provide for the establishment of a uniform classification and uniform scale of class rates for railroad freight, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROWAN:

H. R. 2042. A bill to establish the methods of advancement for post-office employees in the field service; to the Committee on the Post Office and Post Roads.

H. R. 2043. A bill to provide for the extension of patents whenever the use of the same is prevented by war or other causes; to the Committee on Patents.

By Mr. WEISS:

H. R. 2044. A bill to establish a United States commission for the promotion of physical fitness and making an appropriation for such commission; to the Committee on Education.

By Mr. HARTLEY:

H. R. 2045. A bill to establish a United States commission for the promotion of physical fitness and making an appropriation for such commission; to the Committee on Education.

By Mr. WEISS:

H. R. 2046. A bill to amend the act entitled "An act to fix the hours of duty of postal employees, and for other purposes," approved August 14, 1935, as amended; to the Committee on the Post Office and Post Roads.

By Mr. HAGEN:

H. R. 2047. A bill to provide that the widows and orphans and dependent parents of deceased World War veterans who were suffering with permanent total combat-incurred disabilities shall, regardless of the cause of death, be entitled to the rates of pension which would be payable to them if the veteran had been killed in action in such service; to the Committee on Invalid Pensions.

By Mr. MURDOCK:

H. R. 2048. A bill authorizing the Secretary of the Interior to convey certain lands on the Gila reclamation project, Arizona, to the University of Arizona; to the Committee on the Public Lands.

H. R. 2049. A bill to prohibit cancellation or reduction of old-age assistance allowances or unemployment insurance otherwise payable to one receiving an allotment or allowance under Public Law 625, Seventy-seventh Congress, approved June 23, 1942; to the Committee on Ways and Means.

By Mrs. NORTON:

H. R. 2050. A bill to provide for the bonding of Federal officials and employees; to the Committee on Expenditures in the Executive Departments.

By Mr. CASE of South Dakota:

H. R. 2051. A bill to provide for financial control of Government corporations; to the Committee on Expenditures in the Executive Departments.

By Mr. HAGEN:

H. R. 2052. A bill to amend Public Law No. 300, Seventy-eighth Congress, May 11, 1944, to include aggravation of an existing injury or disease in determination of service connection of disability; to the Committee on World War Veterans' Legislation.

By Mr. BENNET of New York:

H. J. Res. 95. Joint resolution to provide for the admission to the United States of aliens who are religious or racial refugees; to the Committee on Immigration and Naturalization.

By Mr. MILLS:

H. J. Res. 96. Joint resolution proposing an amendment to the Constitution of the United

business of the day and any special orders already entered for that day.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

REVISION OF COST-PLUS CONTRACT SYSTEM

The SPEAKER. Under the previous order of the House the gentleman from Wisconsin [Mr. WASIELEWSKI] is recognized for 25 minutes.

[Mr. WASIELEWSKI addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. WASIELEWSKI. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, that they be placed in the Appendix of the RECORD and that I may include as a part of my remarks H. R. 2030.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. LANE] is recognized for 10 minutes.

[Mr. LANE asked and was given permission to revise and extend his remarks.]

PUNISHMENT OF WAR CRIMINALS

Mr. LANE. Mr. Speaker, the subject of punishment of war criminals has recently come very much to the fore, and I regret to say that it has disclosed a rather gloomy picture. It has often been stated, and with a great deal of logic, that the failure of the Allies in the last war to exact punishment against the war criminals paved the way to the present war.

The atrocities and horrors which Germany and her allies have committed in this war surpass, beyond all proportion, what they did before, yet it seems that they have not been gruesome enough to shake some quarters in the British Government and in our own Government.

Having plunged the whole world into a war which already has cost some 20,000,000 casualties, if not more; the shooting of hostages; the deliberate eradication of cities; the diabolical mass murder of some 4,000,000 Hebrew men, women, and children in especially constructed death factories; the cannibalistic practice of using human corpses for fertilizing purposes and for the manufacture of goods; having committed all this horror, which our minds are not really capable of grasping, the hesitancy shown in regard to the punishment of those guilty of it is indeed perplexing if not shocking.

Yet, Mr. Speaker, this hesitancy exists, and this hesitancy now aims to liquidate even the limited measures which have been undertaken in this line. Last week, the Department of State announced that the Honorable Herbert C. Pell, our representative on the United Nations War Crimes Commission in London, will not return to the Commission.

Mr. Pell has publicly declared that he suspects he was removed because he be-

lieves that the Axis should be punished for crimes committed against Hebrew people in the same manner as they ought to be punished for crimes committed against other United Nations. In other words, all Mr. Pell advocates is that we consider Germany's murder of close to 4,000,000 Hebrew people in Europe as a war crime. As I said, Mr. Speaker, it is beyond my comprehension, but it seems that some high Government officials have their doubts, they are not sure, and therefore are unwilling to state that this wanton deed is a crime, a crime against God and man in peace as in war. I can hardly think, Mr. Speaker, of a stand which is more violently in opposition to the traditions and sentiments of America as such a cruel, unjust, and legally frustrated point of view. I personally hope that Mr. Pell is wrong and that these were not the reasons for the State Department's removing him. It is conceivable that though Mr. Pell is a veteran diplomat and has done, under the circumstances, a most creditable job in London, his superiors in the State Department do not think so or may have some administrative reasons for his removal. While I would regret this very much, this, of course, will be an entirely different question, one which will involve the prerogatives of judgment and decision of the Secretary of State. But it is a fact, quite apart from the Pell ouster, that the State Department has not announced a clear policy on this issue. It is a fact that for months it has been urged from many quarters that a clear statement be issued in this regard. The Hebrew Committee of National Liberation, a body which is naturally deeply concerned with this issue, has repeatedly pointed out not only the importance but the urgency of the matter. The committee claims, and it seems to me perfectly true and logical, that our failure to date to act and to make known to the German barbarians and their satellites that we consider the mass murder of Hebrews as brutal a crime as the mass murder of Czechs or Poles or Englishmen, and that due punishment will be coming for all atrocities without any exceptions, is largely responsible for Germany's continued mass murder, even at the present stage of the war, when she knows she is defeated and is merely fighting a delaying action.

It is sound to assume that the Germans will not continue to murder Hebrews right up to the very minute of the armistice. They will stop sometime before that. I firmly believe that if we adopt a clear and determined stand on this issue immediately the mass murder will stop now.

I wish to emphasize that I have been referring all along to "Hebrews," not to "Jews," for these two terms are not synonymous. Crimes committed against United Nations nationals of Jewish religion are of course part of the crimes against the United Nations and will be punished as such. It is only those crimes committed against Hebrews—people now referred to as stateless Jews, German Jews, or Hungarian Jews—which are not being considered as war crimes at all, since the Hebrew Nation is not recognized as one of the United Nations.

Mr. Speaker, these people are neither stateless nor are they Germans nor Hungarians; they are Hebrews. It is as such that they have been murdered and their extermination sought, and it is only through our recognition of them as such that they can be saved. It is high time, Mr. Speaker, that something drastic be done to alleviate the continued, age-old suffering of these people. We all hope that out of the victory of this war this problem, too, will be solved with boldness and imagination.

But meanwhile thousands of Hebrews are being daily massacred and we have no right to delay for a single day any effort that we can make to attempt to save them. Least of all have we the right to delay in making a clear statement of policy on this issue.

For many months the Hebrew Committee of National Liberation has urged upon the governments of the United Nations, including our own, the following proposals:

1. That the governments of the United Nations concerned issue a joint declaration proclaiming that crimes committed against Hebrews in Europe, irrespective of the territory on which the crime was committed or the citizenship or lack of citizenship of the victim at the time of death, be considered a war crime and punished as such.

2. That the governments of the United Nations concerned instruct their representatives on the War Crimes Commission to see to it that the above-mentioned declaration is put into effect.

3. That representatives of the Hebrew people be given membership on the War Crimes Commission and that temporarily, until such time as a Hebrew national sovereignty be reestablished, the Hebrew Committee of National Liberation be authorized to constitute the Hebrew representation on the War Crimes Commission.

Mr. Speaker, I fully support these proposals. I am sure that the great majority of the Members of this House do so equally. I was pleased and heartened by the statement made by Mr. Grew, the Acting Secretary of State, in which he acknowledged and welcomed the great public interest and concern in this most important problem, but this is not enough. It only proves the justification of the above-mentioned proposals which I want to urge, as forcefully as I know how, be acted upon by the Department of State without any additional delay. What less, Mr. Speaker, can we do for a martyred people who have been so fiendishly ravaged in this war?

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. LANE. I yield to the gentleman from New York.

Mr. DICKSTEIN. I am very grateful to the gentleman for that statement. I, too, am a little disturbed why Mr. Pell was removed. I think he was an able statesman, and I believe that he expressed the thought that proper punishment, as laid down by the President, should be meted out to the people who are responsible for these atrocities. I think one of the reasons for his removal was his unwillingness to go into that question. I think he was a capable man and should have been left where he was. I am worried why the State Department has removed him, and I hope and trust the gentleman will follow through.

CONTINUING THE COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

FEBRUARY 7, 1945.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 2023]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 2023) to continue the Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of annual appraisal of its assets, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

EXPLANATION BY SECTIONS

Section 1 of the bill amends the act of March 8, 1938, so as to provide for an increase from \$3,000,000,000 to \$5,000,000,000 in the amount of the bonds, notes, debentures, and other similar obligations which the Commodity Credit Corporation is authorized to issue and have outstanding at any one time. This increase in the borrowing power of Commodity Credit Corporation is considered essential in order fully to assure that the Corporation will have ample funds with which to carry out its operations. In this connection it may be noted that in the event of a partial cessation of hostilities in the present war and a curtailment of the purchase of agricultural commodities and foods for the armed forces and lend-lease a considerable expansion will be required in the operations of the Corporation for the purpose of supporting the prices of agricultural commodities in fulfillment of commitments to farmers.

Section 2 of the bill would substitute for the existing provisions of section 381 (c) of the Agricultural Adjustment Act of 1938, which contains restrictions on the sale of cotton, new provisions which would, for a period of not less than 2 years after the present war, prohibit, with specified exceptions, the sale of any farm commodity owned or controlled by the Corporation at less than the parity or comparable price

therefor. Such prohibition against sales of farm commodities below the parity or comparable price therefor and the exceptions thereto are, for the most part, now included as provisos to the Commodity Credit Corporation item (for administrative expense) in the Department of Agriculture Appropriation Act, 1945, and, for a number of years, have been so included in the annual appropriation act for the Department of Agriculture. Section 2 of the bill, if enacted, would render unnecessary the reenactment of these provisions each year in the annual appropriation act. Under the existing provisions of section 381 (c) the Commodity Credit Corporation may not sell cotton held on behalf of the United States unless the proceeds are sufficient to reimburse the United States for all amounts paid out with respect to such cotton, or sell more than 300,000 bales of cotton in any calendar month, or more than 1,500,000 bales in any calendar year. As amended by section 2 of the bill section 381 (c) would, until the end of the 2-year period beginning with the 1st day of January immediately following the date on which hostilities in the present war have terminated, prohibit the Commodity Credit Corporation from selling any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that this restriction would not apply to the following sales:

(1) Sales for new or byproduct uses. (2) Sales of peanuts for the extraction of oil. (3) Sales for export. (4) Sales for seed or feed, but no wheat or corn may be sold for feed at less than the parity price for corn at the time such sale is made, and, in making regional adjustments in the sale price of corn or wheat for feed the minimum price need not be higher in any area than the United States average parity price for corn. (5) Sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage. (6) Sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for $\frac{3}{8}$ -inch Middling cotton at the average location used in fixing the base loan rate for cotton must also be used for determining the parity for $\frac{3}{8}$ -inch Middling cotton at such average location for the purposes of the prohibition against sales of cotton below parity.

The exceptions to the prohibition against sales of farm commodities below the parity or comparable price contained in section 2 of the bill which are not contained in or differ in any substantial respect from the exceptions contained in the Commodity Credit Corporation item in the Department of Agriculture Appropriation Act, 1945, are those relating to sales of nonbasic perishable commodities, sales to establish claims against persons who have committed wrongful acts with respect to the commodity being sold, and sales for export. The appropriation item permits the sale of perishable fruits and vegetables if there is danger of deterioration or accumulation of stocks. Section 2 of the bill, as noted above, permits the sale of any nonbasic perishable commodity if there is danger of waste or loss through spoilage. The appropriation item does not contain an exception permitting sales of commodities in order to establish claims against persons who have committed wrongful acts with respect to the commodity. Also the appropriation item does not contain an exception for sales for export.

The exception of sales for export is consistent with section 21 (c) of the Surplus Property Act of 1944, which authorizes Commodity Credit Corporation to make sales for export at competitive world prices.

Section 3 of the bill makes it clear that the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944 (which, if the Price Control Act is further extended in its present form, would prohibit the payment directly or indirectly of subsidies after June 30, 1945) is not to apply to operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities. Section 3 also permits the continued absorption of abnormal costs in connection with the transportation of agricultural commodities and foods which have resulted from the war emergency. Section 3 of the bill would permit the continuation after June 30, 1945, of all operations of the character now being carried out by Commodity Credit Corporation, involving the making of subsidy payments or the absorption of losses through the purchase of commodities for resale at a loss, such as the operations of the Commodity Credit Corporation with respect to fruits for processing, vegetables for processing, dry edible beans, soybeans, peanuts, Cheddar cheese, fluid milk, shortening, peanut butter, feed wheat, and the dairy production payment program. These operations are all designed to support the price or obtain the production of agricultural commodities, the making of the subsidy payment or the absorption of the loss being for the purpose of supporting prices and obtaining production without an increase in price ceilings established pursuant to the Emergency Price Control Act of 1942, as amended and supplemented.

Section 4 of the bill provides for a revision in the date and basis of the annual appraisal of the assets and liabilities of the Commodity Credit Corporation by the Treasury. The appraisal date is changed from March 31 of each year to June 30, the close of the fiscal year, thus putting the appraisal on a fiscal-year basis. The section also changes the basis of the valuation of the assets to the cost or average market price during the last month of the fiscal year, whichever is lower. The present basis is the average market price for a 12-month period or cost, including not more than 1 year of carrying charges, whichever is lower. The revision made by section 4 will simplify the appraisal, give a more accurate indication of the financial condition of the Corporation as of the date of the appraisal, and facilitate the use in making the appraisal of the report of the Comptroller General's audit, which is on a fiscal-year basis. Section 4 is substantially the same as section 1 of H. R. 3477, which was passed by both Houses of the Seventy-eighth Congress, second session, but which was, because of its provisions relating to subsidies, vetoed by the President.

Section 5 of the bill extends the life of the Commodity Credit Corporation as an agency of the Government through June 30, 1947, or such earlier date as may be fixed by the President by Executive order.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be

omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Section 4 of the act of March 8, 1938, as amended (15 U. S. C., 1940 ed., Supp. III, 713a-4):

¶ SEC. 4. With the approval of the Secretary of the Treasury, the Commodity Credit Corporation is authorized to issue and have outstanding at any one time, bonds, notes, debentures, and other similar obligations in an aggregate amount not exceeding **[\$3,000,000,000]** *\$5,000,000,000*. Such obligations shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices as may be prescribed by the Commodity Credit Corporation, with the approval of the Secretary of the Treasury. Such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such obligations shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Commodity Credit Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such obligations, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Commodity Credit Corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Commodity Credit Corporation's obligations hereunder. The Secretary of the Treasury may at any time sell any of the obligations of the Commodity Credit Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligation of the Commodity Credit Corporation shall be treated as public-debt transactions of the United States. No such obligations shall be issued in excess of the assets of the Commodity Credit Corporation, including the assets to be obtained from the proceeds of such obligations, but a failure to comply with this provision shall not invalidate the obligations or the guaranty of the same. The Commodity Credit Corporation shall have power to purchase such obligations in the open market at any time and at any price.

Section 381 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C., 1940 ed., 1381 (c)):

SEC. 381. * * *

(c) **[The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than three hundred thousand bales of cotton in any calendar month, or more than one million five hundred thousand bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the Treasury as miscellaneous receipts.]** *During the continuance of the present war and until the expiration of the two-year period beginning with the 1st day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, the Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that the foregoing restriction shall not apply to (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oil; (3) sales for export; (4) sales for seed or feed: Provided, That no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is*

made: And, provided further, That in making regional adjustments in the sale price of corn or wheat for feed, the minimum price need not be higher in any area than the United States average parity price for corn; (5) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for 7/8-inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for 3/8-inch Middling cotton at such average location for the purposes of this section.

Section 1 of the act of March 8, 1938, as amended (15 U. S. C., 1940 ed., Supp. III, 713a-1):

SECTION 1. [As of the 31st of March in each year and as soon as possible thereafter, beginning with March 31, 1938, an appraisal of all the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall, insofar as possible, be determined on the basis of the cost, including not more than one year of carrying charges, of such assets of the Corporation, or the average market prices of such assets for a period of twelve months ending with March 31 of each year, whichever is less, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made.] As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made. In the event that any such appraisal shall establish that the net worth of the Commodity Credit Corporation is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such capital impairment by a contribution to the Commodity Credit Corporation in the amount of such impairment. To enable the Secretary of the Treasury to make such payment to the Commodity Credit Corporation, there is hereby authorized to be appropriated annually, commencing with the fiscal year 1938, out of any money in the Treasury not otherwise appropriated, an amount equal to any capital impairment found to exist by virtue of any appraisal as provided herein.

Section 7 (a) of the act of January 31, 1935, as amended (15 U. S. C., 1940 ed., Supp. III, 713, as amended by the act of February 28, 1944, Public Law 240, 78th Cong., 2d sess.):

SEC. 7. (a) Notwithstanding any other provision of law, Commodity Credit Corporation, a corporation organized under the laws of the State of Delaware as an agency of the United States pursuant to the Executive order of the President of October 16, 1933, shall continue, until the close of business on [June 30, 1945] June 30, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States. During the continuance of such agency, the Secretary of Agriculture and the Governor of the Farm Credit Administration are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of Commodity Credit Corporation, and the Corporation is hereby authorized to use all its assets, including capital and net earnings therefrom, and all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency, including the making of loans on agricultural commodities: *Provided, however,* That the Corporation shall at all times maintain complete and accurate books of account and shall determine the procedures to be followed in the transaction of the corporate business.

For the information of the House there is set forth below the text of the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944

(Public Law 383, 78th Cong., 2d sess.), which is referred to in section 3 of the bill:

After June 30, 1945, neither the Price Administrator nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing directly or indirectly the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose; and appropriations for such purpose are hereby authorized to be made.

○

79TH CONGRESS
1ST SESSION

H. R. 2023

[Report No. 58]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 1945

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

FEBRUARY 7, 1945

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 4 of the Act approved March 8, 1938 (52
4 Stat. 108), as amended, is amended by striking out
5 “\$3,000,000,000” and inserting in lieu thereof “\$5,000,-
6 000,000”.

7 SEC. 2. Subsection (c) of section 381 of the Agricul-
8 tural Adjustment Act of 1938 (52 Stat. 67) is amended
9 to read as follows:

1 “(c) During the continuance of the present war and
2 until the expiration of the two-year period beginning with the
3 1st day of January immediately following the date upon
4 which the President by proclamation or the Congress by
5 concurrent resolution declares that hostilities in the present
6 war have terminated, the Commodity Credit Corporation
7 shall not sell any farm commodity owned or controlled by
8 it at less than the parity or comparable price therefor, ex-
9 cept that the foregoing restriction shall not apply to (1)
10 sales for new or byproduct uses; (2) sales of peanuts for
11 the extraction of oil; (3) sales for export; (4) sales for
12 seed or feed: *Provided*, That no wheat or corn shall be
13 sold for feed at less than parity price for corn at the time
14 such sale is made: *And provided further*, That in making
15 regional adjustments in the sale price of corn or wheat
16 for feed, the minimum price need not be higher in any area
17 than the United States average parity price for corn; (5)
18 sales of commodities which have substantially deteriorated
19 in quality or of nonbasic perishable commodities where
20 there is danger of loss or waste through spoilage; or (6)
21 sales for the purpose of establishing claims against per-
22 sons who have committed fraud, misrepresentation, or other
23 wrongful acts with respect to the commodity. The method
24 that is now used for the purposes of Commodity Credit Cor-
25 poration loans for determining the parity price or its equiva-

1 lent for seven-eighths-inch Middling cotton at the average
2 location used in fixing the base loan rate for cotton shall
3 also be used for determining the parity price for seven-
4 eighths-inch Middling cotton at such average location for
5 the purposes of this section.”

6 SEC. 3. The last paragraph of section 2 (e) of the
7 Emergency Price Control Act of 1942, as amended by the
8 Stabilization Extension Act of 1944, shall not apply to
9 the operations of the Commodity Credit Corporation
10 designed to support prices or obtain production of agricul-
11 tural commodities, or to absorb abnormal costs in connec-
12 tion with the transportation of agricultural commodities
13 and foods.

14 SEC. 4. The first two sentences of section 1 of the
15 Act approved March 8, 1938 (52 Stat. 107), as amended,
16 are amended to read as follows:

17 “As of the 30th of June in each year and as soon as
18 possible thereafter, beginning with June 30, 1945, an
19 appraisal of all of the assets and liabilities of the Commodity
20 Credit Corporation for the purpose of determining the net
21 worth of the Commodity Credit Corporation shall be made
22 by the Secretary of the Treasury. The value of assets
23 shall be determined on the basis of the cost of such assets
24 to the Commodity Credit Corporation, or insofar as prac-
25 ticable, the average market price of such assets during the

1 last month of the fiscal year covered by the appraisal,
2 whichever is the lower, and a report of any such appraisal
3 shall be submitted to the President as soon as possible after
4 it has been made.”

5 SEC. 5. The first sentence of subsection (a) of section
6 7 of the Act approved January 31, 1935 (49 Stat. 4),
7 as amended, is amended by striking out “June 30, 1945”
8 and inserting in lieu thereof “June 30, 1947”.

79TH CONGRESS
1ST SESSION

H. R. 2023

[Report No. 58]

A BILL

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

By Mr. SPENCE

FEBRUARY 6, 1945

Referred to the Committee on Banking and Currency

FEBRUARY 7, 1945

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 42

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 7, 1945, for actions of Tuesday, March 6, 1945)

(For staff of the Department only)

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HOUSE

1. COMMODITY CREDIT CORPORATION. Rules Committee reported a resolution for the consideration of H.R. 2023, to continue CCC as a U.S. agency, increase its borrowing power, revise the basis of annual appraisal of its assets, etc. (pp. 1855, 1860).
2. LEND-LEASE. Foreign Affairs Committee reported without amendment H.R. 2013, to extend the Lend-Lease Act for 1 year (H.Rept. 259) (p. 1860).
3. FOREIGN LOANS; BANKING AND CURRENCY; INTERNATIONAL T.V.A. During his speech, "Shall Uncle Sam Again Become the Financial Scapegoat for the World," Rep. Mason Ill., criticized proposals that the U.S. finance the world after the war and stated that if we are paid back in goods the American market will become flooded and "Under such a condition, what would become of the American farmer..?" He claimed that the "Bretton Woods program is a lending program" and that the proposal for an International TVA is "very closely related" (pp. 1855-7).
4. NOMINATION. Rep. Spence, Ky., commended the nomination of Fred A. Vinson to be Federal Loan Administrator (pp. 1822-3).
5. ECONOMY. Rep. Rich, Pa., urged economy in Federal expenditures (p. 1824).
Both Houses
6. FARM MACHINERY./received S.Dak. Legislature resolutions favoring legislation to authorize the Secretary of Agriculture to requisition certain materials and equipment not needed for the war effort for use in soil and water conservation work (pp. 1786, 1861).

SENATE

7. GOVERNMENT CORPORATIONS. Sen. Moore, Okla., criticized Government corporations, claiming that "American democracy has moved toward economic totalitarianism..."

and that "it all adds up to a controlled economy by governmental edict administered by an unresponsive bureaucracy"; stated that "Without effective control by the Congress, Government through these corporate instrumentalities is engaged in practically every industrial field"; claimed that "A glaring example of the almost limitless activities of these Government corporations was exposed in an address by.../Rep. Keefe, Wis./ concerning the operations of the Commodity Credit Corporation"; and states that FCIC "is an example of the necessity for congressional control." Other members discussed this with him. (pp. 1795-8.)

3. **ECONOMY.** Received a Washington County (Md.) Taxpayers' Association resolution urging that Federal expenditures be limited to Federal Government needs and purposes. To Appropriations Committee. (p. 1785.)
3. **CONGRESSIONAL ORGANIZATION.** Sens. Thomas, Utah; Pepper, Fla., Russell, Ga., White, Maine, Brooks, Ill., and LaFollette, Wis., were appointed members of the Joint Committee on the organization of Congress established pursuant to H.Con.Res. 18 (p. 1781).
10. **NOMINATION.** Confirmed the nomination of Fred M. Vinson to be Federal Loan Administrator (p. 1819).
11. **SURPLUS PROPERTY; TRANSPORTATION.** Received the Attorney General's first monthly report on the disposition of surplus Government-owned property and the first of a series of reports on transportation. To Finance Committee. (p. 1782.)
12. **ST. LAWRENCE WATERWAY.** Received a Pa. Legislature memorial opposing the construction of this project (p. 1782).
13. **WILDLIFE.** Received Mont. and Md. Legislatures resolutions favoring a longer open season on migratory waterfowl. To Agriculture and Forestry Committee. (pp. 1783, 1785.)
14. **MISSOURI VALLEY AUTHORITY.** Sen. McCarran, Nev., submitted a resolution to provide that S.555, "the MVA bill, is to be referred to the Irrigation and Reclamation Committee after the Commerce Committee has concluded its consideration of this bill (pp. 1788-9).
Received a Mont. Legislature resolution opposing the proposed MVA (p.1783).
15. **INFORMATION.** Both Houses received an Ariz. Legislature resolution urging efforts in behalf of national and international agreements guaranteeing freedom of access to and transportation of news (pp. 1784, 1861).
16. **RESEARCH.** Received a petition from sundry Md. citizens opposing vivisection of dogs in the D.C. (p. 1785).
17. **MANPOWER BILL.** Continued debate on this bill, H. R. 1752 (pp. 1789-90, 1803-18). Agreed, 44-35, to Sen. Bushfield's (S. Dak.) amendment to eliminate the penalty provision in the bill which provides for imprisonment and/or fines for persons wilfully violating any W.M.C. order (p. 1808). Sen. Bailey (N.C.) submitted an amendment, to Sen. Revercomb's substitute amendment, which provides that any registrant between the ages of 18 and 45 who is not performing essential work may be drafted into the armed forces (pp. 1808-18).

BILLS INTRODUCED

18. **FARM MACHINERY.** H. R. 2493, by Rep. Beckworth, Tex., to permit direct sales of surplus vehicles and small machinery to farmers for their use in earning a

In his Poland After Yalta Mr. Lippmann writes about Poland's eastern territory—"territory which Poland conquered in 1922."

This statement is untrue; Poland came into possession of this territory not in 1922, but on March 18, 1921, by virtue of a freely negotiated peace treaty between Poland, Soviet Russia, and the Ukrainian Soviet Republic, signed at Riga. The official Great Soviet Encyclopedia in its edition of 1940 (after the Ribbentrop-Molotov partition of Poland) states verbatim on pages 247 and 248:

"On March 18, 1921, the peace treaty was signed. * * * The new Polish-Soviet frontier meant for the Poles much worse conditions in comparison to those which the Soviet Government suggested to Poland * * * in April 1920. The frontier determined after the Polish-Soviet War runs 50 to 100 kilometers to the west of the line which was suggested at the beginning of the war. This means that Soviet Russia emerged victorious also from this struggle against the forces of counterrevolution."

Mr. Lippmann continues:

"In 1935 this military dictatorship" (in Poland) "transformed itself into a totalitarian state."

This statement is likewise untrue. In reality the Pilsudski regime functioned from 1926 until 1935 under the Polish Constitution of 1921, which Mr. Lippmann himself called democratic. Twice free elections were held during that period, a fact which obviously disproves the author's accusation regarding the existence of a military dictatorship. During both these elections all political parties, including the Communist Party, and, obviously, the Ukrainian, Jewish, and White Ruthenian minorities, put forward and elected their own candidates to the house and to the senate. In the 1928 elections the parties opposing Pilsudski won a large majority. In 1930 these parties introduced into the house and senate a minority only slightly smaller than the pro-Pilsudski majority.

Contrary to Mr. Lippmann's assertion, even after 1935 Poland never became a totalitarian state. The new constitution of April 23, 1935, in article V, guaranteed to its citizens "liberty of conscience, speech, and assembly"; in its article VII, stated that "the right of citizens * * * cannot be restricted by origin, religion, sex, or nationality"; in its article VIII, stated that "labor is the basis of the development and power of the republic. The state extends protection over labor and supervises its conditions."

The chief aim of the 1935 constitution, as compared with the one of 1921, was to strengthen the power of the President of the Polish Republic. The corresponding part of the new constitution was patterned upon the American Constitution without, however, extending the powers of the President of Poland as far as those of America's Chief Executive. To quote one basic instance, both the house and the senate had the right to demand "the dismissal of the cabinet or of any of its ministers" (vote of lack of confidence—Articles XXXI and XLVI of the Polish constitution).

Mr. Lippmann further states:

"All political parties were outlawed except one, known as the Camp of National Unity."

This statement is totally untrue. No political party was outlawed and all of them continued to function until the occupation of Polish territory by Germany and Russia in September 1939. Freedom of press likewise was maintained throughout the peace period, each political party freely publishing its daily, weekly, or monthly organs. This fact disproves Mr. Lippmann's gratuitous misstatement that Poland was a totalitarian state. Elections for mayors of cities and all other officeholders of local self-government were freely held both in the period preceding as well as after the enactment of the 1935 constitution. Many townships and communities had mayors and other officers

elected on the opposition party tickets. To quote one outstanding instance: In the second largest Polish city of Lodz, the Social Democratic Party, a party strongly opposed to the government, won an overwhelming victory in free elections held in 1938, when Mr. Jan Kwapinski, chairman of the Polish Trade Unions' Federation and now a member of the Polish Government in London, was elected mayor of Lodz.

Mr. Lippmann writes that:

"The present Polish Government in London * * * was not created by free elections."

I must leave it to Mr. Lippmann to devise the means by which a government in exile could be freely elected by the people of a country under enemy domination.

Mr. Lippmann states: "Poland of 1939 with * * * its antagonism to all its neighbors, not only German and Russia, but also Lithuania and Czechoslovakia * * * with its totalitarian constitution, etc."

Every word of this statement is untrue. Poland had signed pacts of nonaggression which had not lapsed when she was attacked in 1939, namely, with Russia in 1932 and 1934, and with Germany in 1934. Poland re-established diplomatic relations with Lithuania in 1938 and remained in friendly relations with Czechoslovakia during the whole time of the independence of both states until the occupation of Czechoslovakia by Germany in 1939.

Mr. Lippmann's assertion that "Poland with its feudal landlordism" * * * is flatly disproved by the irrefutable statistical fact that due to the parcellation of large estates by the Polish Government in the prewar period from 1922 to 1939—five-sixths (over 81 percent) of Poland's farmland consisted of small farms of under 125 acres in size.

J. CIECHANOWSKI,
Ambassador of Poland.

WASHINGTON, March 2.

THE COMMODITY CREDIT CORPORATION

Mr. SABATH, from the Committee on Rules, submitted the following privileged report on the bill (H. R. 2023) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes (Rept. No. 267), which was referred to the House Calendar and ordered printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2023) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. MASON] is recognized for 45 minutes.

SHALL UNCLE SAM AGAIN BECOME THE FINANCIAL SCAPEGOAT FOR THE WORLD?

Mr. MASON. Mr. Speaker, after World War No. 1, Uncle Sam permitted himself to become the financial scapegoat of the world. Is history about to repeat itself? Is Uncle Sam again to become the financial scapegoat of the world—again destined to assume the financial sins of all the peoples of the earth? These questions are troubling me. They are questions that this Congress must face and answer in the days ahead. In the time allotted to me today I propose to review the past—especially the part we played as the financial scapegoat for the world after the last war, to take stock of the present, and to look forward to the future. I do this in the hope that, to some extent at least, I may impress upon the membership of this House the seriousness of the financial problems that confront us, and perhaps warn the Members against the financial dangers that lie ahead.

Mr. Speaker, mass delusions are not rare, but a delusion affecting the mentality of the entire world at one time was unknown until the First World War. That universal delusion affected the financial world. It pertained to the subject of international credits. It was a delusion which caused us to lose, in Government loans to foreign nations, \$14,523,593,627.73, and many billions of dollars more in private loans floated through the banks by our former allies, as well as by our former enemies. In addition to this, our South American and Central American neighbors floated other dollar loans which are in default. Altogether it has been estimated that something in the neighborhood of \$29,000,000,000 worth of goods and services were exported from the United States to foreign nations in the period from 1917 to 1930. When we ceased to give other nations the credit with which to buy our goods they quit buying the goods. This resulted in a depression greater than any hitherto known in America, and our debtors, with the exception of brave little Finland, proceeded to default on their loans. That was an expensive delusion for us.

The general shape of that world-wide delusion can be indicated by three of its familiar features:

(a) The idea that the cure for debt is more credit.

(b) A social and political doctrine, now widely accepted, based upon the false premise that people are entitled to certain betterments of life and must be permitted to secure them on credit, if they have not the cash to buy them with.

(c) The argument that prosperity is a product of credit; whereas from the beginning of economic thought it has always been supposed that prosperity results from an increase in and an exchange of real wealth.

The idea that the cure for debt is more credit began with the First World War. Without credit that war could not have continued longer than 4 months. With benefit of credit it lasted more than 4 years. Victory followed the credit, but the price was an appalling debt.

In Europe the war debt was both internal and external. In America the

war debt was internal only. While engaged in that war we loaned our associates more than \$10,000,000,000. We do not know today how many billions of dollars we have given and loaned to our allies during this war, but we do know that the money we have loaned will not be repaid, that it will all be canceled or defaulted, just as the First World War debts were. Europe's method of meeting her debt, both internal and external, was a resort to further credit. She called upon this country for immense sums of private credit, sums which before the war were unimaginable. With one voice the European nations cried out that unless American credit provided them the ways and means to begin moving their burden of debt they would be unable to move it at all. We are hearing the same deafening chorus today.

Mr. Speaker, after the First World War when credit failed, when the United States was unable longer to keep sending its goods and services to foreign countries on credit, the standards of living of those countries fell from the planes on which credit had for awhile sustained them. Political dismay and disruption followed in those countries. Government itself was put in jeopardy because the peoples of these countries had been encouraged by this endless credit doctrine to live beyond their means. Again we hear the governments will be in jeopardy all over the world unless the United States pours more billions into these countries in goods and services, the same to be produced out of the sweat and energy and intelligence of America. We are told that social chaos will be the sure result if we do not extend credit. "How shall the people live as they have learned to live, and as they are entitled to live, without benefit of credit?" Uncle Sam is asked. "They will rise first" Uncle Sam is told. These emotional rhetoricians are careful not to say that what the people will rise against will be the payments of the debts for the goods they will have devoured.

As President Roosevelt said in the 1932 campaign, the credit of a nation is like the credit of a family. When either a nation or a family lives on credit beyond its means, debt overtakes it. If the people tax themselves to pay for it, that means they must lower their living levels. If they repudiate their debt, that is the end of their credit. Now, the President tell us, in the face of the repudiation of the debts due us, we must again extend unlimited credit—which means an unlimited flow of American goods and services to other countries—lest they fall into social chaos and go communistic.

Mr. Speaker, the argument that prosperity is a product of credit is as fallacious as the idea that we can borrow ourselves rich or spend ourselves into prosperity. Credit is a product arising from the increase and exchange of wealth. It is merely a method of facilitating that exchange. Every dollar of credit that has been extended or will be extended to other countries of the world by the United States will be so much goods and services, human energy and national resources, raw materials and finished products, which we shall be de-

nying our own people in order to send them out to the other peoples of the world, and for which we will receive no pay.

The idea that unlimited credit can be extended by the United States to other countries because we in the United States will merely owe the debt to ourselves is at the bottom of this whole fallacious scheme. It is used to rationalize the delusion as a whole. It became unorthodox after the First World War to doubt that by use of credit in progressive quantities to inflate international trade, the problem of international debt would be solved. All debtor nations were going to meet their foreign obligations from favorable balances of trade—but they did not do so.

The same fallacy lies behind the Bretton Woods scheme of today; namely, that all of the countless billions of dollars' worth of goods and services these foreign countries are going to get from us will be paid back in goods—which is the only way they can be paid back. Under such a condition, what would become of the American farmer and American labor? Their American market would be literally flooded—would have to be flooded—with such an avalanche of low-wage, low-living-level labor products from the countries of Europe and the Orient that our whole economy would be swamped.

Mr. Speaker, a favorable balance of trade comes when a nation sells more than it buys. Is it possible for all nations to sell one another more than they buy from one another, so that every nation may have a favorable trade balance? The endless credit boys say, "Certainly." I ask, "How?" The endless credit boys cry, "By selling on credit. By lending one another the credit to buy one another's goods." They tell us that we must lend other nations credit during and after this war so they can buy our goods. After the last war they said all nations would not be able to lend equally, but each should lend according to its means. That meant that Uncle Sam was to be the principal lender—and he was. The Bretton Woods scheme of today is that same old plan all over again.

Following the First World War, the question was often asked: "Where is the profit in trade for the sake of which you must lend your customers the money to buy your goods?" The endless credit boys had an answer ready. It was: "Unless we lend them the money to buy our goods, they cannot buy them. Then what shall we do with our surplus?" When it appeared after the First World War that European nations were using enormous sums of American credit to build industrial plants to compete with our own, the question was asked: "Is this wise?" The answer of the endless credit boys, the international "do-gooders," was: "Of course it is wise. You must remember that these nations you speak of as competitors are also our debtors. They owe us a great deal of money. Unless we lend them the credit to increase their ability to produce for export, they will never be able to pay us their debts."

That is exactly the refrain we hear again today as Bretton Woods and the

international bank scheme are urged upon us. America loaned billions of dollars of American credit to her debtors after the First World War. We even loaned credit to our competitors who in turn loaned it to their customers. We loaned credit to Germany who loaned credit to Russia for the purpose of enabling Russia to buy German things, including German chemicals. We are now asked to lend \$7,000,000,000 to Russia, in addition to lend-lease; \$5,000,000,000 to England; \$3,000,000,000 to France; \$1,000,000,000 to the Netherlands and \$6,000,000,000 to our Latin-American neighbors. This adds up to a total of \$22,000,000,000, to be used for the purpose of buying products from each other, while they all owe us debts which they can only repay, if at all, by producing a surplus of their commodities for export into the American market in competition with the products of our own farmers and wage earners.

The result after the First World War tells us what the result will be after this war if we follow this fallacious delusion. So much of our goods and services will be flowing out to other countries on credit that we will, in spite of ourselves, exhaust and prostrate our own internal economy, as soon as the false prosperity of an export business done on credit falls to the ground.

Those who plead that we should give some thought to the welfare of America are branded today as "isolationists" and are condemned to the nethermost hell of public scorn because they are sensible enough to want to keep their own country sound. We followed the doctrines of the internationalists after the First World War. What was the result? The result was that something like \$29,000,000,000 worth of American credits were defaulted, and the United States went into the worst depression we ever had in our history. Are we to repeat that experience?

Mr. Speaker, international-mindedness today has come to mean thinking not of ourselves first but of the world first; of our responsibilities to other people ahead of our responsibility to our own people. No other nation ever did think that way. Does England think that way today? Where would you find a more complete British Empire nationalist than Winston Churchill? And who blames him for it? Does Russia think that way today? Where would you find a more complete Russian nationalist, or realist, than Joseph Stalin? And who blames him for it? Should not Uncle Sam take a leaf out of Churchill's book or Stalin's book and place the welfare of our people first? Today all of the sharpers, the schemers, the planners, and the dreamers of all the other nations in the world, and of the United States as well, are planning to make Uncle Sam again the financial scapegoat for the world following this war. Is history about to repeat itself?

PART II

Now, Mr. Speaker, what of the present? What about the Bretton Woods agreements now before this Congress, which the President requests that we implement by legislation? What about the inter-

investigation is proved to be disloyal or disaffected in a sensitive position where he might have access to secret Army equipment or vital Army information. It is worthy of note that the instruction of December 30 has been for nearly 2 months in the hands of a large number of responsible commanders. It is these men who are most alert to detect, and are directly affected by evidences of disloyalty in their commands. Not one of them has reported to the War Department that the instruction is having or will have any tendency to weaken the Army's controls over subversive or disaffected personnel.

Clearly, the War Department is putting first and foremost the individual loyalty, ability, and performance of its personnel and will continue to do so.

Our Army is doing a magnificent job all over the world, and it has America's whole-hearted support.

(Mr. DE LACY asked and was given permission to revise and extend his remarks.)

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LeCOMPTE (at the request of Mr. GWYNNE of Iowa), for an indefinite period, on account of illness.

To Mr. KELLY of Illinois, for an indefinite period, on account of illness.

ADJOURNMENT

Mr. BYRNE of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p. m.) the House adjourned until tomorrow, Wednesday, March 7, 1945, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, March 7, 1945)

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 o'clock a. m., Wednesday, March 7, 1945, to resume hearings on H. R. 1362, railroad retirement bill.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Wednesday and Thursday, March 7 and 8, 1945)

The Committee on Immigration and Naturalization will hold hearings on Wednesday and Thursday, March 7 and 8, at 10 o'clock a. m., on H. R. 173, 1548, 1624, and 2256.

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Thursday, March 8, 1945)

There will be a meeting of the Committee on the Post Office and Post Roads on Thursday, March 8, 1945, at 10 a. m., at which time hearings will be had on parcel-post rates.

EXECUTIVE COMMUNICATIONS, ETC.

275. Under clause 2 of rule XXIV, a letter from the Secretary of the Interior, transmitting a draft of a proposed bill to reserve certain land on the public domain in Utah for addition to the Goshute Indian Reservation was taken from the Speaker's table and referred to the Committee on Indian Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 776. A bill to authorize the naturalization of Fillipinos; without amendment (Rept. No. 252). Referred to the Committee of the Whole House on the state of the Union.

Mr. MASON: Committee on Immigration and Naturalization. H. R. 1104. A bill to amend section 23 of the Immigration Act of February 5, 1917; without amendment (Rept. No. 253). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON of North Carolina: Committee on Ways and Means. H. R. 2348. A bill to provide for the coverage of certain drugs under the Federal narcotic laws; with amendment (Rept. No. 254). Referred to the Committee of the Whole House on the state of the Union.

Mr. McCOWEN: Committee on Immigration and Naturalization. H. R. 385. A bill to amend section 334 (c) of the Nationality Act of 1940, approved October 14, 1940 (54 Stat. 1156-1157; 8 U. S. C. 734); without amendment (Rept. No. 255). Referred to the House Calendar.

Mr. MASON: Committee on Immigration and Naturalization. H. R. 388. A bill to amend section 201 (g) of the Nationality Act of 1940 (54 Stat. 1138-1139; 8 U. S. C. 601); without amendment (Rept. No. 256). Referred to the House Calendar.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 434. A bill to provide that nationals of the United States shall not lose their nationality by reason of voting under legal compulsion in a foreign state; without amendment (Rept. No. 257). Referred to the House Calendar.

Mr. BLOOM: Committee on Foreign Affairs. H. R. 1013. A bill to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended; without amendment (Rept. No. 259). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 167. Resolution for the consideration of H. R. 2023, a bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes; without amendment (Rept. No. 267). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WEAVER: Committee on the Judiciary. H. R. 1270. A bill to provide for an appeal to the Supreme Court of the United States from the decision of the Court of Claims in a suit instituted by George A. Carden and Anderson T. Herd; without amendment (Rept. No. 258). Referred to the Committee of the Whole House.

Mr. BARRETT of Pennsylvania: Committee on Immigration and Naturalization. H. R. 268. A bill for the relief of Fillp Nicola Lazarevich; without amendment (Rept. No. 260). Referred to the Committee of the Whole House.

Mr. BARRETT of Pennsylvania: Committee on Immigration and Naturalization. H. R. 816. A bill for the relief of Morris Burstein

and Jennie Burstein; without amendment (Rept. No. 261). Referred to the Committee of the Whole House.

Mr. BARRETT of Pennsylvania: Committee on Immigration and Naturalization. H. R. 271. A bill for the relief of Eleanor McCloskey, also known as Evelyn Mary Mikalauskas; without amendment (Rept. No. 262). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 840. A bill for the relief of Toby Lena Rosenberg, alias Maria Louisa Nasco, alias Alejandro Nasco Echegaray; without amendment (Rept. No. 263). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 846. A bill for the relief of the alien Michael Soldo; with amendment (Rept. No. 264). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 1402. A bill for the relief of certain Basque aliens; without amendment (Rept. No. 265). Referred to the Committee of the Whole House.

Mr. MASON: Committee on Immigration and Naturalization. H. R. 269. A bill for the relief of Charles Molnor; without amendment (Rept. No. 266). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. ANDERSON of New Mexico:

H. R. 2491. A bill to increase the maximum monthly payment made by States to individuals for old-age assistance which will be matched by the Federal Government; to the Committee on Ways and Means.

By Mr. BECKWORTH:

H. R. 2492. A bill to permit direct sales of surplus property consisting of vehicles and small machinery to veterans for their use in earning a livelihood, and to give veterans a preference for 10 days in the purchase of such property; to the Committee on Expenditures in the Executive Departments.

H. R. 2493. A bill to permit direct sales of surplus property consisting of vehicles and small machinery to farmers for their use in earning a livelihood, and to give farmers a preference for 10 days in the purchase of such property; to the Committee on Expenditures in the Executive Departments.

By Mr. GREEN:

H. R. 2494. A bill authorizing appointments to the United State Military Academy and the United States Naval Academy of sons of members of the land or naval forces of the United States who were killed in action or have died of wounds or injuries received, or disease contracted, in active service during World War No. 2; to the Committee on Military Affairs.

By Mr. HOFFMAN:

H. R. 2495. A bill to prohibit discrimination in employment because of race, creed, color, national origin, or ancestry; to the Committee on Labor.

By Mr. JOHNSON of California:

H. R. 2496. A bill to prohibit use of the mails or instrumentalities of interstate commerce for the sale or delivery of certain fabrics or materials containing explosive substances; to the Committee on Interstate and Foreign Commerce.

By Mr. JACKSON (by request):

H. R. 2497. A bill to improve salary and wage administration in the Federal service; to provide pay for overtime and for night and holiday work; to amend the Classification Act of 1923, as amended; and for other purposes; to the Committee on the Civil Service.

By Mr. NEELY:

H. R. 2498. A bill to amend the Public Health Service Act to authorize grants to the

I now quote from the Japanese commentator, Yasua Yamida, who told our troops via the Tokyo radio in 1943:

There is no doubt that Robert McCormick is an extremely charming character. I think America today needs many more dynamic characters like this Chicago veteran.

Thank God that the great majority of American newspapers are as devoted to the cause of America—to the winning of this war—to the defeat of our enemies—to a devotion to true freedom of press—as any of us in this land. Thank God there are only a few newspaper publishers whose praises are beamed by Tokyo and Berlin to our troops overseas.

That is why when, on February 19, the Chicago Tribune, with its fellow Axis helpers, the New York Daily News and the Washington Times-Herald, published another of its "secret documents" we may be shocked but not surprised. Publication of secret Army regulations relating to handling of personnel whose loyalty is suspected could only have been intended to reveal to internal enemies the methods by which our Army Intelligence Service ferrets out those who are disloyal. It could only have been intended to tell those under suspicion the full story of the manner by which the War Department discovers their anti-war and anti-American activities. It could only have been to arm them so that they could more easily avoid the traps which our intelligence system sets for them.

And, like Hitler, the Tribune cloaked its own treason in a righteous indignation that the Army's procedure might result in the commissioning of Communists. The Tribune, of course, is well aware of how Hitler used the Red scare to spread fear, mistrust, and suspicion. The Tribune editors have read history. They know that it was the flames of the Reichstag fire and the fear of communism which this Hitler-faked "Red plot" created, which burned the Nazi swastika into the heart of Germany and plunged the world into war.

The indefensible disclosure of secret security procedure by Tokyo's Chicago darling has unfortunately been followed on the House floor itself by imputations of treason or near treason to the War Department; and the regulations whose purpose was to make for a more accurate sifting of loyal from disloyal personnel have been represented here and to the country as though their purpose were the opposite, as though the War Department were ordering the elevation of disloyal persons into position from which they could sabotage the war and undermine the security and liberty of our country.

It is hardly necessary to state on this floor that the War Department, under that great American patriot, the Honorable Henry L. Stimson, and under America's Commander in Chief and greatest world statesman, our President, is not guilty of treason or of anything like or near treason.

It is regrettable that the heat of expressing a point of view in opposition to a War Department directive should have given rise to such language on the floor of this body.

What the War Department actually did was, after long study of relevant legal precedents and theory, and after a tremendous experience in the handling of inductees suspected of disloyalty, to issue on December 30, 1944, the simple clarifying directive:

The basic consideration is not the propriety of the individual's opinions, but his loyalty to the United States.

That was all, just a plain, clear statement of the fundamental American truth that thought is free in this country.

Implementing this basic consideration, the directive continues:

Membership in, or strict adherence to the doctrines of, the Communist Party organization is evidence that the individual is subject to influences that may tend to divide his loyalty. However, many good soldiers are subject to conflicting influences. Such influences must be appraised in the light of the individual's entire record. No action will be taken under the reference letter that is predicated on membership in or adherence to the doctrines of the Communist Party unless there is a specific finding that the individual involved has a loyalty to the Communist Party as an organization which overrides his loyalty to the United States. No such finding should be based on the mere fact that the individual's views on various social questions have been the same as the views which the Communist Party may have advanced. Except in clear cases, no action should be taken against persons who are being trained for combat assignments and have demonstrated a high degree of ability to serve the United States in that manner, including a willingness to accept combat duty.

Testifying before the subcommittee of the House Military Affairs Committee, the Honorable John J. McCloy, Assistant Secretary of War, said:

The Army has not knowingly appointed as officers any individuals who seek the overthrow of the United States Government, or whose disloyalty has been otherwise established, and it does not propose to do so. The Army has not knowingly assigned to any sensitive duty any individual who seeks such objectives, or who is justly suspected for any other reason of any disaffection, and does not propose to do so. The War Department has not issued any instructions under which any such appointment or assignment could be properly made, and does not propose to do so.

Again, he testified:

The keystone of the entire structure of the Army is loyalty, and its preservation is a matter which must be handled with the greatest care. It must be done with vigilance but if procedures become overzealous and unfair, reactions set in which are detrimental to the Army and to the causes for which our armies take the field. It has been extremely gratifying that, out of the thousands of cases investigated by the Army, only a very small number of persons who have come into the service have been found to be disloyal or have been even suspected of disaffection.

And a third time, he emphasized:

The basic consideration remained, as before, the individual's loyalty to the United States of America, a loyalty to be measured not in terms of allegiance to any one alien belief, such as communism, but in terms of all beliefs that might supersede his devotion to America.

The fair and reasonable application of loyalty tests to Army personnel is not just a "matter of justice to the individual," the Secretary continued, but neces-

sary also "to avoid the obvious possibility that action on inconclusive proof might afford a ready means for numerous persons, without just cause, to avoid the hazards of combat service. At a time when the Nation's critical need was for expanding manpower, such an escape corridor was intolerable."

As long as this question has been opened, it should also be understood that the Army confronted some serious legal problems as to whether Communists actually do advocate the violent overthrow of the United States Government.

The Supreme Court of the United States, in *Schneiderman against United States* (320 U. S. 118 (1943)), testified Mr. McCloy:

Stated that it had never passed on the question of whether the Communist Party advocated the overthrow of our form of government by force.

And he added:

The language of the opinion cast such further doubt upon the administrative finding made by the Attorney General in 1942, * * * as to render it inadvisable thereafter for the Army to rely thereon as a basis for exclusion from military service. Indeed, the Judge Advocate General of the Army in an opinion to the staff, called attention to the dictum in this case and the doubt it cast on the prior ruling.

But—

The Assistant Secretary continued—

beyond any questions of legal theory, a study of the question and our experience convinced me that we were not on sound ground in our investigations when we placed our emphasis solely on Communist affiliation.

With such emphasis, investigations were prone to drift off into questions of alleged attendance, in the years before the man came into the Army, at meetings alleged to have been Communist meetings or at meetings of so-called "Reds," whereas the obvious need was to determine whether the man actually was loyal or disloyal to the United States in the light of all the circumstances which could be adduced.

A man's willingness, and in many cases his eagerness, to train himself for and to engage in hazardous employment in the Army, the testimony of his commanding officer, the judgment of his fellow soldiers after observation and questioning of the man himself all afforded in my judgment more reliable material on the issue of the man's loyalty than the generally doubtful evidence of membership in an organization or attendance at meetings alleged to have been Communist. Long experience in handling cases of this character finally convinced the War Department that mere sympathy with a given ideology or suspected membership in a given organization neither legally nor as a matter of abstract justice furnished sufficient justification for adverse action. It concluded that the only sound, though difficult, solution of this problem was to base action on the attitude and actions of the individual rather than on his alleged connections. For that reason a comprehensive restatement of the Army's basic policy was issued on February 5, 1944, which, without specific reference to any ideology, made unquestioned loyalty to the Government of the United States on the part of the individual the yardstick.

The concluding portions of Secretary McCloy's testimony is worth the serious attention of every Member of this House. He said:

Certainly neither this, nor any antecedent instruction on this subject has resulted in placing any person who, after thorough in-

79TH CONGRESS } 1st Session }	HOUSE OF REPRESENTATIVES }	REPORT No. 267 }
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CONSIDERATION OF H. R. 2023

MARCH 6, 1945.—Referred to the House Calendar and ordered to be printed

MR. SABATH, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 167]

The Committee on Rules, having had under consideration House Resolution 167, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 67

79TH CONGRESS
1ST SESSION

H. RES. 167

[Report No. 267]

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 1945

Mr. SABATH, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the state
4 of the Union for the consideration of the bill (H. R. 2023)
5 to continue Commodity Credit Corporation as an agency of
6 the United States, increase its borrowing power, revise the
7 basis of the annual appraisal of its assets, and for other pur-
8 poses. That after general debate, which shall be confined
9 to the bill and shall continue not to exceed three hours to
10 be equally divided and controlled by the chairman and the
11 ranking minority member of the committee on Banking and
12 Currency, the bill shall be read for amendment under the

1 five-minute rule. At the conclusion of the reading of the
 2 bill for amendment, the Committee shall rise and report the
 3 same back to the House with such amendments as shall
 4 have been adopted and the previous question shall be con-
 5 sidered as ordered on the bill and amendments thereto
 6 to final passage without intervening motion except one
 7 motion to recommit.

RESOLUTION

For the consideration of H. R. 2023, a bill to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

By Mr. SABATH

MARCH 6, 1945

Referred to the House Calendar and ordered to be
 printed

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 10, 1945, for actions of Friday, March 9, 1945)

(For staff of the Department only)

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HOUSE

1. COMMODITY CREDIT CORPORATION: Began and concluded general debate on H.R.2023, to continue CCC as a U.S. agency, increase its borrowing power, revise the basis of its assets, etc. (pp. 1997-2021).

Rep. Sabath, Ill., discussed this bill and the farmers' situation that gave impetus to its inception, inserted figures showing commodity prices in 1932 and 1944, and spoke favoring the bill's enactment although stating that "I think we should stop" paying subsidies (pp. 1997-2000). Rep. Keefe, Wis., stated that while the "farmers in the milk production business are getting a decent income today...because of the subsidy checks that are paid to them...you have delegated to the War Food Administration, subject only to the approval by the Economic Stabilizer, the power to control the economic life of the farm population" (pp. 2001-3). Rep. Spence, Ky., inserted CCC's charter of incorporation and the Banking and Currency Committee report on this bill, and discussed the value of the CCC program (pp. 2003-8). Rep. Taber, N.Y., questioned if "there had been a leak in the operations of" CCC that have resulted in enormous profits to speculators in wheat, eggs, and grain; stated that "There have been and are enormous inventories of merchandise which do not check with the figures that the Washington office has"; criticized certain raisin purchases; and stated, "A charge has been made that...lard was allowed to spoil" (pp. 2008-10). Rep. Tarver, Ga., discussed this alleged "scandal" and explained the functions of the Agriculture Appropriations Subcommittee in connection with situations of this kind (pp. 2011-2). Rep. Wolcott, Mich., stated, "I am not sure but what the Committee on Appropriations owes a duty to the House...in consideration of this bill, to make known many of the facts as have been established" (pp. 2012-3). Rep. Patman, Tex., commended the War Food Administrator and the CCC President (p. 2016). Rep. Folger, N.C., criticized claims "impugning the honesty and integrity of Judge Jones and ...Frank Hancock" (p. 2020). Rep. Brown, Ga., criticized proposals to recommit this bill based on "a rumor that some one has made an error," and described CCC's part in the food production program (pp. 2014-5). Rep. Murray, Wis., commended CCC's "contribution to the war food program," but criticized the placing of "all of the power involved in the C.C.C. in running a 3 or 4 or 5 billion dollar corporation in the hands of one individual." (pp. 2017-9).

2. FORESTRY; RESEARCH. Received Oreg. Legislature memorial and petitions urging an additional appropriation of \$50,000 for the Pacific Northwest Forest and Range Experiment Station and to provide adequate Federal appropriations for the U. S. Forest Products Laboratory (p. 2027).
3. ADJOURNED until Mon., Mar. 12 (p. 2025). Majority Leader McCormack announced the legislative program for next week as follows: Mon., D. C. bills followed by consideration of CCC bill under the 5-minute rule; Tues., lend-lease bill, stating that "it is possible that the bill will be disposed of that day"; Wed. and Thurs., State, Justice, and Commerce appropriation bill followed by lend-lease bill, if it has not previously been disposed of. He, also, announced that the defense housing investigating bill will be considered sometime during next week when there is a break in the legislative program--possibly on Mon. (p. 2021.)

SENATE

NOT IN SESSION. Next meeting Mon., Mar. 12.

BILLS INTRODUCED

4. TAXATION; PERSONNEL. H.R. 2560, by Rep. Sasser, Md., to provide that any service rendered and any deductions made, or taxes paid by any person under the Civil Service Retirement Act of May 29, 1930, any other Federal retirement act, or the Social Security Act may be credited to such person for the purposes of any other such act. To Ways and Means Committee. (p. 2026.)
5. MINERALS; SUBSIDIES. H.R. 2561, by Rep. Mansfield, Mont., to permit the continuation of certain subsidy payments with respect to strategic metals and minerals and petroleum and petroleum products. To Banking and Currency Committee. (p. 2026.)
6. HOUSING. H.R. 2568, by Rep. Wickersham, Okla., to amend the National Housing Act, as amended, so as to eliminate the requirement that not less than 15 percent of the principal of insured mortgages upon farm property be expended for improvement. To Banking and Currency Committee. (p. 2026.)
7. VETERANS. H.R. 2551, H.R. 2558, H.R. 2559, and H.R. 2567. (p. 2026.)

ITEMS IN APPENDIX

8. FORESTRY; RESEARCH. Extension of remarks of Rep. Angell, Oreg., including an Oreg. Legislature memorial, urging the appropriation of funds for continuing development of the uses for wood products and wood utilization (p. All83).
9. DEBT LIMIT. Extension of remarks of Rep. Robsion, Ky., making statistical observations on H.R. 2404, providing for an increase in the debt limit of the U.S., and opposing such an increase (pp. All87-8).
Speech in the House by Rep. Curtis, Nebr., opposing H.R. 2404 and inserting the minority views on it (pp. All90-1).
10. FLOOD CONTROL; TRANSPORTATION. Extension of remarks of Rep. Brooks, La., including Director Pyburn's and Chief Engineer Odom's (La. Dept. of Public Works) addresses, discussing the possibility of navigation and flood control in the Red River Valley (pp. All91-2).

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. JUDD. Mr. Speaker, I ask unanimous consent to extend my remarks and include a speech by Commander Stassen, which I am advised will require two and three-fifth pages and will cost \$124.80. Despite the extra cost, I ask unanimous consent that the speech may be printed.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks and include a letter from Gen. Frank T. Hines, of the Veterans' Administration, together with some material which he has supplied me with reference to the criticism of the treatment of the veterans in our veterans' hospitals.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[The matter referred to appears in the Appendix.]

(Mr. CRAWFORD asked and was given permission to extend his remarks in the Record and include an editorial.)

CORRECTION OF THE RECORD

Mr. JUDD. Mr. Speaker, I ask unanimous consent that the permanent Record on page 1763 may be corrected to change the figure "\$6,000" to read "\$16,000."

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXTENSION OF REMARKS

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record and include a letter from a nurse in my district with reference to the problem of the recruitment of nurses.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

[The matter referred to appears in the Appendix.]

CALL OF THE HOUSE

Mr. MASON. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Adams	Bennet, N. Y.	Burgin
Barden	Boren	Camp
Barrett, Pa.	Bradley, Mich.	Cannon, Fla.
Beall	Buckley	Case, N. J.

Case, S. Dak.	Hagen	Powell
Celler	Halleck	Rains
Chelf	Hand	Ramey
Clark	Hart	Robertson,
Clason	Hartley	N. Dak.
Clements	Heidinger	Robinson, Utah
Combs	Hess	Rogers, Mass.
Corbett	Hobbs	Sadowski
Curley	Holmes, Mass.	Sheridan
Dawson	Johnson,	Simpson, Pa.
Dirksen	Luther A.	Slaughter
Domengeaux	Johnson,	Starkey
Doyle	Lyndon B.	Stewart
Eaton	Kelly, Ill.	Talbot
Elsaesser	King	Taylor
Fellows	Kunkel	Traynor
Fogarty	Landis	Wadsworth
Gamble	Luce	Weiss
Gardner	McGehee	West
Goodwin	Murphy	Wood
Granger	Norton	Woodrum, Va.
Gross	O'Toole	
Gwinn, N. Y.	Patterson	

The SPEAKER. Three hundred and fifty-six Members have answered to their names, a quorum.

On motion of Mr. COOPER, further proceedings under the call were dispensed with.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. OUTLAND asked and was given permission to extend his remarks in the Appendix and include an editorial on Bretton Woods.

Mr. BROOKS asked and was given permission to extend his own remarks in the Record.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. MADDEN] may extend his own remarks in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

[The matter referred to appears in the Appendix.]

COMMODITY CREDIT CORPORATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 167, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2023) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, later on I shall yield, with a great deal of pleasure, the usual 30 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. Speaker, this rules make in order the consideration of H. R. 2023, known as the Commodity Credit Corporation bill. It is an open rule providing for 3 hours of general debate, after which amendments may be offered under the 5-minute rule.

The bill extends the life of the Commodity Credit Corporation for 2 years—up to June 30, 1947. I think it is the sixth of seventh extension of the legislation.

It increases the borrowing power of the Corporation from \$3,000,000,000 to \$5,000,000,000. It provides for a revision of the date of annual appraisal of assets and liabilities from March 31 to June 30 annually. It changes the basis of valuation of assets, as will be explained by the chairman of the Committee on Banking and Currency, the gentleman from Kentucky [Mr. SPENCE]. I shall vote for the rule notwithstanding my critical remarks on the underlying principle of this legislation.

LEGISLATION ORIGINALLY INTENDED TO AID FARMERS AND RELIEVE UNEMPLOYMENT

Mr. Speaker, in 1933, realizing the unfortunate condition of the farmers and workers, the President recommended and urged the establishment of this Corporation to aid the farmers by bringing about an increase in the price of farm products to bring about the reemployment of the millions of unemployed and, in general, to help the economy of the Nation. I know that at that time it was the object of the President to help the farmers and the consumers of the Nation, and that he did not urge the passage of the legislation to aid speculators and manipulators who, unfortunately, have gradually become and are today the great beneficiaries under this act. As I stated, I voted for the original extension and for all further extensions, and am supporting the rule to make this bill in order so that the House may have an opportunity to hear of the transactions and activities of the Commodity Credit Corporation. Lest I forget, I do not wish to be understood as not having confidence in the Administrator of the War Food Administration, Mr. Marvin Jones, or his assistants; my criticism goes to those who have been imposing upon them, and to those who continue to urge and demand still greater aid notwithstanding the fact that it is not necessary at this time.

FARMERS' FINANCIAL CONDITION VASTLY IMPROVED SINCE 1932

When the President issued the Executive order creating the Commodity Credit Corporation the price of cotton, as you know, was down to 5½ cents a pound, wheat was something like 35 cents a bushel, and corn ranged between 19 and 25 cents a bushel. Those are typical of the generally low prices prevailing for all farm commodities. Cattle on the hoof and hogs were selling for about 5 cents a pound. But today, Mr. Speaker, we have a different picture: Cotton is selling for 21½ to 22 cents a pound; wheat and corn are selling at a price nearly four times higher than they were.

Mr. Speaker, I feel it may be well to refresh the minds of some of the Members as to then prevailing prices and to

that end I have prepared some figures giving the prices of some grains, cotton, livestock, vegetables, and fruits, comparing them with the prices charged today. I believe they will be enlightening and of interest not only to the membership but to the country as well. The figures have been prepared in table form as follows:

A comparison of commodity prices

Wheat:		
Dec. 1932.....	per bushel..	\$0.42
Dec. 1944.....	do.....	1.63
Corn:		
Dec. 1932.....	do.....	.23
Dec. 1944.....	do.....	1.144
Rye:		
Dec. 1932.....	do.....	.31
Dec. 1944.....	do.....	1.139
Barley:		
Dec. 1932.....	do.....	.29
Dec. 1944.....	do.....	1.149
Cotton:		
Dec. 1932.....	per pound..	.0572
Dec. 1944.....	do.....	.2138
Hogs:		
Dec. 1932.....	per 100 pounds..	3.04
Dec. 1944.....	do.....	14.14
Cattle:		
Dec. 1932.....	do.....	5.44
Dec. 1944.....	per 100 lbs. (steers) ..	15.78
RETAIL PRICES		
Eggs:		
Dec. 1932.....	per dozen..	.399
Dec. 1944.....	do.....	.669
Milk:		
Dec. 1932.....	per quart..	.104
Dec. 1944.....	do.....	.156
Butter:		
Dec. 1932.....	per pound..	.298
Dec. 1944.....	do.....	.50
Bread:		
Dec. 1932.....	do.....	.066
Dec. 1944.....	do.....	.088
Corn meal:		
Dec. 1932.....	do.....	.035
Dec. 1944.....	do.....	.064
Cabbage:		
Dec. 1932.....	do.....	.025
Dec. 1944.....	do.....	.058
Potatoes:		
Dec. 1932.....	do.....	.015
Dec. 1944.....	do.....	.045
Tomatoes (canned):		
Dec. 1932.....	do.....	.087
Dec. 1944.....	do.....	.121
Oranges:		
Dec. 1932.....	per dozen..	.285
Dec. 1944.....	do.....	.437
Prunes:		
Dec. 1932.....	per pound..	.089
Dec. 1944.....	do.....	.17

All other commodities in 1932 were in like proportion as to price. What is the picture today? The condition of the farmers who were burdened with mortgages approximating \$11,000,000,000 has continuously improved for the last 8 or 10 years until today prices of farm products have increased from 200 percent to 400 percent, and correspondingly the wealth of the farmers has increased and they enjoy a prosperity greater than they ever enjoyed in the history of our country.

In 1943 the net income of farmers was 162 percent above the 1935-39 average, according to the Federal Reserve Bulletin of December last year, and a survey of agricultural conditions by the Office of War Information late last year said that cash farm income rose 119 percent in the 3-year period before 1943, or more than \$10,000,000,000. Farm real-estate values have increased 36 percent in 4 years, ac-

cording to the Department of Agriculture, and farm operators' reserves of about \$12,000,000,000 in cash and other liquid resources are the largest in history.

From January 1, 1940, to January 1, 1944, agriculture as a whole rose from a \$49,000,000,000 industry to a \$70,000,000,000 industry, or, if certain intangibles, such as cash deposits, War bonds, and the like, owned by farm operators, are added, it was, on January 1, 1940, a \$54,000,000,000 industry, and, on January 1, 1944, an \$83,000,000,000 industry, the Bureau of Agricultural Economics reports.

But when we consider the agricultural industry as a whole, we must bear in mind the distinction between the farmer, who is the original producer, and those through whose hands his products must pass before they reach the ultimate consumer. Though the farmers have received many benefits and good profits, they cannot be compared to the greater profits of the packers, the dairy people, the cotton hoarders, and manipulators.

Mr. Speaker, we are today holding on to a tremendous surplus of some ten million bales of cotton on which we are paying high carrying charges. It is my belief that not only the surplus cotton but all surpluses should be gradually disposed of so that in the future they may not be hanging over the heads of the farmers and growers of the Nation as a threat to their markets.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Georgia.

Mr. TARVER. Is the gentleman advised of the fact that in the program for cotton the Commodity Credit Corporation has accumulated a profit to the Government of \$93,000,000?

Mr. SABATH. I have heard that before, but I would like to have the figures as to what it is costing the Government in warehousing charges, and I presume it is taking into consideration the present-day price of cotton. However, I am beginning to feel that we cannot support the market to maintain the high prices. I do not want that profit to get away from us because when the Corporation made loans and started to buy, cotton was selling for 5, 5½, and 6 cents per pound. The Congress, at the request of the President, was justified in passing the legislation to help the farmers of this country in view of the unfortunate conditions that existed at that time.

We all remember that in 1932, yes, and in 1931, many of the farmers were losing their homes and their farms by foreclosure, because the prices they were receiving did not compensate them in many instances even for the fertilizer and for the seed, to say nothing about the work and labor involved. What applies to cotton applies also to wheat. Wheat, in December 1932, was selling for about 39 cents per bushel. Now it is selling for \$1.70, according to the last reports which I have seen. Of course, it is selling high because we have from year to year increased the loans on wheat. For instance, in 1938 the amount of loan set on wheat was 53 cents a bushel; in 1939, 64 cents; in 1940, 65 cents; in 1941, 98

cents; in 1942, \$1.14; in 1943, \$1.23; and now in 1944, \$1.35. We have more than doubled the loans on wheat and on many other commodities.

What I cannot understand, perhaps I cannot grasp it fully, is that the farmer today is receiving higher prices than he has ever dreamed of for his crop, and, if that be the fact, why is this legislation now necessary? I think it is obviously unnecessary for us to continue to authorize additional appropriations.

Mr. Speaker, it is urged that we must keep faith with the farmers to stimulate production. Have we not done enough and are we not doing enough for them? The C. C. C.—Commodity Credit Corporation—and other agencies have paid out many millions of dollars in furnishing them with labor, providing transportation of this labor and even now are arranging for war-prisoner labor to help them. And just a few days ago we adopted an amendment that will defer the induction of the younger farmers into the military service. The record of farm production speaks for itself and in the coming year we will have still greater production, weather permitting, than in 1944. Actually the need for farm labor has been reduced with the advent of improved farm machinery—electric milkers, mechanical cotton pickers, and various other types of improved machines that have reduced farm labor in many instances by 80 percent. With the amount of labor having been reduced tremendously it consequently follows that there has been a corresponding reduction in the cost of production, so the farmer's lot has been appreciably made much easier and he is enjoying these benefits to a greater degree than ever in the history of our country.

Mr. Speaker, last year it cost the Government about \$1,200,000,000 and, in addition, the Reconstruction Finance Corporation aided the "poor" packers and the meat industry to the extent of about \$860,000,000. Then it aided the milk and dairy industry to the extent of approximately \$622,000,000. Notwithstanding the tremendous subsidies the dairymen have received, milk that formerly sold for 95 cents per 100 pounds is selling now for \$2.75—more than three times the former price, and they are now seeking \$568,000,000 for subsidy payments for the coming year.

I heard the able Representative from Wisconsin [Mr. KEEFE], who spoke and shed tears in behalf of the dairy industry, say that they sadly needed the additional millions to encourage them to stimulate production. But I know this: It is unreasonable even to ask us to appropriate and authorize the vast sum of \$568,000,000 to that industry when it does not aid the consumer. When the subsidy amendment to this law was passed it was intended, as I have said, to help not only the farmers and the producers but also the consumers. A subsidy was paid in many instances for the purpose of holding the prices of these commodities down to enable the consumers to obtain the food they needed at a fair and reasonable price. As it is today, the milk that sold for 8 or 9 cents a quart is now

selling for 14 cents; butter is twice as high, and cheese three times as high, and the farmers are making more money than they ever expected or even dreamed of receiving. Therefore, I do not see why it is necessary that this borrowing power should be increased from three to five billion dollars. Perhaps some of the many intelligent Members on the floor may be able to enlighten me during the debate as to its necessity.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. Do I understand from the gentleman's remarks that he is opposing the rule which he is now presenting to the House?

Mr. SABATH. If the gentleman had been on the floor he would have heard what I said.

Mr. SMITH of Virginia. I have listened very carefully to the gentleman's remarks.

Mr. SABATH. Then I am sorry the gentleman did not hear me state that I advocated the passage of the rule and that I shall vote for it in order to give the membership of the House the opportunity to familiarize themselves with the existing conditions. I believe, during the 3 hours of debate, that a great deal of intelligent information will be forthcoming, and I hope the chairman of the Committee on Banking and Currency, with his able member assistant, the gentleman from Georgia [Mr. BROWN] and others, will be able to convince the House that this legislation, even now, is needed.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. May I remind the gentleman that on all basic crops and on all nonbasic crops covered by the Steagall amendment the Government has made money; \$93,000,000 on cotton, and on the over-all picture they have made \$23,000,000, and the only loss is the loss sustained in the war program. So far as the loss on food and cotton is concerned, it cannot compare with the large loss in making implements of war.

Mr. SABATH. I thank the gentleman for the information he has given me and the House. I am familiar with it more or less. But we did not pass this law for the purpose of making money for the Government. This law was passed for the purpose of aiding the farmers and the consumers and holding the cost of living down so that the nearly 20,000,000 white-collared people can live and exist decently. As it is, the producers, the farmers, and even the Government has made a lot of money. But unfortunately the white-collared man's increase in salary and wages has been nil, and he cannot afford to continue to pay the high prices for his foodstuffs when his salary and his small wage has been frozen.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I think that statement should be corrected that the Corporation was originally set up for the

purpose of maintaining consumer prices. I do not think the gentleman wants the record to stand that there is anything in this program which the Congress has ever set up which would authorize the Corporation to pay consumer subsidies.

Mr. SABATH. What I had intended to say is that the subsidies we are paying have been intended to hold down prices. I realize the Commodity Credit Corporation does not have the jurisdiction the O. P. A. has to hold down prices and impose ceilings.

Mr. WOLCOTT. The Corporation was set up and is continuing now for the purpose of insuring the maximum amount of production. The money which we make available is for the purpose of assuring the farmers that they are going to get an adequate price for their commodities so that there will be adequate production. It was never intended that this money would ever be used to maintain maximum prices under the Price Control Act.

Mr. SABATH. I fully appreciate that. I thank the gentleman for his observation. I fully appreciate that the verbiage of the bill and the intent and the efforts of those who have been trying for years to extend and enlarge the appropriations were based upon the fact that we wanted to increase production and bring about the maximum production of farm products. However, in view of the very large crops produced in 1941, 1942, 1943, and 1944, and in consideration of the high prices, I do not believe additional inducement is needed. I think the prices the farmers are receiving, the wealth they are accumulating, and the money they are making is sufficient inducement for them to continue to produce the needed food.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Georgia.

Mr. TARVER. I was surprised to hear the gentleman say that even the Government had made a lot of money in this program. The gentleman undoubtedly knows that the Government has lost over \$1,200,000,000, but it has lost that money in the part of the program intended for the benefit of the gentleman's constituents and others like them throughout the country, not in the part that has been of benefit to the farmer.

Mr. SABATH. I thank the gentleman. I believe myself that it will help the consumers and the people I represent, and the millions of workers in the United States, but it is not doing so. I concede that the prices are not as high in many instances as they were during the last war. Nevertheless, in view of the amount of money we have appropriated and expended for subsidies and in providing other aid to the farmers, I feel that the prices of foodstuffs are altogether too high and should be brought down. We should not by legislation or with our votes continue to aim at higher prices. Let us be candid. I have no objection to a farmer making a real profit, to his making money. I want him to be prosperous. But I do not want it all at the expense of the underpaid wage earner. What I object to, and I shall call attention to it, is the manipulators and

speculators who under this bill have been able to manipulate and acquire tremendous profits at the expense of the consumer.

ADVISORY COMMITTEES

I repeat, I have every confidence in Marvin Jones, the War Food Administrator, as well as the Chairman of the Commodity Credit Corporation. But I know that the various advisory committees that they appointed in good faith have been taking advantage of conditions. No one can prove otherwise. I have evidence of many instances where these various advisory committees, not only in this instance, but in many other instances, have known beforehand what they were going to recommend or what they were going to urge, and many of their former employers or friends have taken advantage of it to such an extent that I feel something should be done to eliminate these unfair activities on the part of these advisory committees. That is the purpose of my statement today. I want to call attention to the fact that we should look into these various activities on the part of many advisory committees, who unfortunately represent the big industries and the big producers and who somehow or other cannot forget their former relationships with the corporations and companies with which they were connected. I feel that should be looked into, not only by the Committee on Banking and Currency, but by all of the committees of the House, because what applies in this instance applies also to the War Production Board. I know that Donald Nelson tried honestly and faithfully to do his job. He, too, was imposed upon by these various boards. That applies also to the Quartermaster General, in whom I have the utmost confidence. He is an able and sincere man, but he has advisory boards that have misled him in many instances.

For weeks I have heard of rumors and charges and investigations on the part of the Committee on Appropriations relative to some of these charges—some that there has been a great deal of butter spoiled—some that there has been thousands of cases of eggs spoiled, and some other perishable commodities. As to that, if there has been any spoilage naturally I regret it but the Quartermaster General has a duty to keep the Army supplied. He was obliged to make allowances for losses in transportation by the sinkings of our ships; therefore, to play safe, he was obliged to acquire surpluses of commodities greater than were actually needed for which commodities he was unable to find sufficient storage facilities. If we had disposed of at least a million bales of our great surplus of cotton no doubt that would have relieved the situation and aided in properly storing the vast amount of supplies that he was obliged to purchase and accumulate. So, as to those charges, I do not find wherein anyone can be justly accused or charged. What I have called attention to is the activities of these advisory boards who have and are taking advantage in the matter of purchase and sales to the disadvantage and best in-

terests of the Government as well as of the people.

Mr. MURRAY of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MURRAY of Wisconsin. Do I understand the gentleman from Illinois is not particularly discussing the question of subsidies having been paid, but he is really interested in the fact that as the result of the freezing of certain commodities at certain prices to the producer, the spread between the producer and the consumer has grown so much that in many commodities it is more than the commodity brought before the war. Do I understand the gentleman correctly?

Mr. SABATH. That is one phase of it. But there are other reasons. There are the packers in my home town. They have made 200 percent greater profits in 1944 than they made in 1940. Why should they be entitled to receive \$862,000,000 from the Government when, in fact, it does not aid the consumer in obtaining meat—even the cheapest cuts—at reasonable prices?

PACKERS' PROFITS

Mr. Speaker, for the information of the House and the country I insert at this point a table showing the profits of the principal meat packers for the years 1932 and 1935 and from 1939 to 1944, inclusive. They are as follows:

	Armour	Cudahy	Swift	Wilson
1932.....	\$2,526,042	\$905,985	\$5,337,789	\$51,336
1935.....	5,626,795	1,211,073	8,767,302	1,453,739
1939.....	3,265,167	860,293	10,321,523	3,215,840
1940.....	4,590,539	2,116,223	11,183,484	3,619,281
1941.....	11,354,408	3,652,316	17,808,725	7,036,056
1942.....	11,112,069	3,352,282	16,972,721	7,299,468
1943.....	11,445,499	3,451,454	17,431,372	7,403,182
1944.....	11,250,348	3,190,061	15,662,635	7,353,791

¹ Deficit.

It can be seen from these figures that in 1932 two of the large packers had a deficit and the others had a very small profit. In 1940 they enjoyed a profit of \$21,000,000 and in 1944 their profit skyrocketed to \$37,000,000. I should mention that these profits were after the payment of taxes. Mr. Speaker, it stands to reason that no one intended originally—and surely the President did not intend—that we should expend millions to help those who are making millions of profits out of the Government and out of the consumers of this Nation.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. BROWN of Georgia. I want to call the gentleman's attention to the fact that wartime subsidies with reference to meat are from the Reconstruction Finance Corporation and not from the Commodity Credit Corporation. It has nothing to do with the Commodity Credit Corporation.

Mr. SABATH. I know it is being paid by the Reconstruction Finance Corporation, and they paid out nearly \$862,000,000, and I cannot know why. When your wife or my wife or any other woman goes to market she does not get meat, even the cheapest cuts, at a half decent price.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. KEEFE. In order that the record may be meticulously accurate I think the gentleman might say that the meat subsidy and the butter subsidy is paid by the Defense Supplies Corporation, another artificial vehicle set up out of funds supplied from the borrowing power of the Reconstruction Finance Corporation.

Mr. SABATH. But it comes out of the Government and the taxpayers.

Mr. KEEFE. Ultimately from the taxpayers; yes. What I want to ask the gentleman is this: Am I to understand from the argument the gentleman has made up to this time that he is opposed to this program of subsidies?

Mr. SABATH. I was for it for 8 long years, and I think we should stop. What we should do now is give a little more power to the O. P. A. to hold down prices. I do not say we should cut prices in half. I feel that it is not necessary to hold up prices at this time when they are now so extremely high.

SUBSIDY ABUSES SHOULD BE ELIMINATED

Mr. Speaker, I am satisfied that if the President were cognizant of what is transpiring—that the payment of these subsidies are not aiding in the manner in which he anticipated—the holding down of the costs of living—I feel that he would insist and urge the elimination of the abuses that have crept into the subsidy program. Unfortunately, we all must realize and recognize the tremendous task that has and is still confronting him and the almost unbearable burden and responsibility that is his. He appointed to high Government places experienced businessmen, most of whom are Republicans, in the hope that they would have the interest of the people at heart. There is a growing feeling that many of them have abused their responsibility for their own interests and benefit.

Actually what is happening under this situation is that we are holding the line against the little fellow while the special interests, with their representatives planted in Government agencies either as advisers, consultants, or dollar-a-year men, are fixing policies and prices which give them the biggest profits.

I hope that within a short time the President in his great leadership and with the cooperation of Russia and Great Britain will have completed his great international undertakings; that the Hitler and Nazi butchers in Europe, and shortly thereafter the treacherous Japs as well, will have unconditionally surrendered. And thereafter, in view of the splendid foundation that has been prepared with respect to reconstruction, the rehabilitation of the nations and the people the world over, and the establishment of a permanent peace, our great President will be able to devote a larger measure of his great ability and energy to domestic affairs. I know that these domestic conditions will then be righted, that unnecessary appropriations will cease to be made, and all departments of government will be economically and efficiently administered.

The SPEAKER pro tempore. Permit the Chair to advise the gentleman from Illinois he has used 30 minutes.

Mr. SABATH. I am sorry. I did not want to use all that time.

I ask unanimous consent, Mr. Speaker, that I may revise and extend my remarks and insert some figures bearing on the subject of this legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, I now yield 30 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, the able and affable chairman of the Rules Committee the gentleman from Illinois [Mr. SABATH] has discussed at length, and complained about many things that have happened and many things that have not happened within the Government during the last 12 years. I am a little surprised at his indictment of these numerous New Deal agencies, corporations, and commissions which beset us on every side at this time. I am more surprised to learn the attitude of the chairman toward this administration-sponsored bill. After all, open confession is good for the soul, and that the conversion of the chairman is commendable even though it comes so late in the life of this experimentation.

Mr. Speaker, the Rules Committee is the vehicle by which legislation is brought from legislative committees to the floor of the House. The rule is all we have before us at this time. May I, however, call the attention of the House to page 4 of the committee report. There, by virtue of the Ramseyer rule, the Members can visualize the changes made in existing law. Especially for the benefit of the newer Members may I say that if they will turn to that page they will see just what the proposed changes are. That will be of much assistance to them as they hear the debate as it progresses.

Mr. Speaker, I have nothing further to say other than to express the hope that this rule will be adopted, and I feel sure it will be because, as I understand, it is not contested.

Mr. Speaker, I yield 1 minute to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Speaker, I know the entire membership of the House of Representatives was thrilled over the news that American troops have crossed the Rhine. This morning I was notified that the lieutenant leading the first company of infantry across that river was Lt. Carl Timmerman, of West Point, Nebr. This Nebraska hero comes from my congressional district in Nebraska, and I know that my colleagues are as thrilled as I am over this announcement. Lieutenant Timmerman and his company of American heroes represent those fine American G. I.'s who are so frequently described by Ernie Pyle. This

company commander and his chiefs have been congratulated for their daring exploit by General Eisenhower. I am proud to report this news to the membership of this House.

The report reaching me indicates that in an amazing new-born D-day which surprised American Army commands as much as it did the Germans, this Infantry company commanded by this Nebraska officer, carved the first foothold on the east bank of the Rhine on Wednesday. From what I can learn Lieutenant Timmerman's company suffered no casualties from the fire of the enemy.

On behalf of all Members of the Nebraska delegation in Congress I make this brief report to the Congress, and I know that the entire membership of this House join us today in paying tribute to this fine Nebraska officer and his comrades in arms.

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. MICHENER. Mr. Speaker, the two committees of the House having the most information concerning the bill H. R. 2023 are the Committee on Banking and Currency, reporting the bill, and the Committee on Appropriations, which has had to do with furnishing the money for the administration of the law by this Corporation.

I now yield 20 minutes to the gentleman from Wisconsin [Mr. KEEFE], a member of the Committee on Appropriations.

Mr. KEEFE. Mr. Speaker, as I understand it, the purpose of speech in the well of the House is to try to clarify thinking on issues, and in what I shall say this afternoon I do not want it to be considered as controversial or partisan but as an attempt on my part to see if I cannot make a worth-while contribution to the thinking of the people of this country and of the Congress on what appears to me to be one of the most outstanding public questions we are called upon to solve.

My friend from Illinois has just made a 30-minute statement. I regret to say that after listening to it very carefully I find difficulty understanding his contentions. I asked him whether or not we were to understand from his statement that he is now opposed to the payment of subsidies. I gathered from his reply that, although he has consistently voted for the payment of subsidies for 8 long years, he now, because of his great interest in the consuming public and the working people of this country, has reached the conclusion that the whole program of subsidies is responsible for commodity price rises and that the consuming public that he speaks for has been compelled to pay unreasonable prices in the market places. He, therefore, believes this program should be abandoned. If this is the position of the gentleman from Illinois [Mr. SABATH], may I state that I am in complete disagreement with his conclusions. The economy of the country has been geared to the subsidy program. This is

especially true of the milk-production program. To be sure, we have opposed subsidies as a national policy, but in view of the position the producers have been placed in through the administration's adoption of this policy we must now support the program and continue payment of subsidies or the whole agricultural economy will collapse. I feel reasonably sure that even the gentleman from Illinois will concede this fact. The milk producers of Wisconsin and the Nation who are asked to assume the burden of producing 120,000,000,000 pounds of milk must have a decent return or go broke. The latter is unthinkable. The subsidy merely absorbs some of the spread between ceilings established by O. P. A. and a minimum return to the producer. While the consumer is paying advanced costs, the farmer producer does not get it. The increases to the consumer are made necessary by the increased costs of delivery and processing.

So I say to my friend from Illinois that in his appraisal of increased consumer costs of dairy products he should allocate the increases where they properly belong.

Let us see what is facing us today. We have before us a rule to consider the extension of the Commodity Credit Corporation. I shall support this rule, although I think the rule ought to provide 10 hours of general debate instead of the limited period of debate that is given. This subject is one that should be explored by this Congress all during next week in order that the Members of the Congress and the people of the Nation may understand this great octopus that has the power to control the economic destiny of the entire people of the United States.

I know there may be some people who will challenge that statement, but if you will read the speech I made here on February 20 and take the time to analyze it you will see that the statement is amply justified. Here is a private corporation organized under the laws of the State of Delaware, the Commodity Credit Corporation, organized pursuant to Executive order which this Congress has repeatedly recognized by legislative enactment as an agency of the Federal Government. You are called upon by the enactment of this legislation to again recognize this private corporation organized under the laws of Delaware as an agency of the Federal Government, a corporation that in its structure or operations is subject to only minor control by the Congress. Why, it was not until an Executive order was issued that it was even required to come to the Congress to get an appropriation to pay its administrative expenses; it was not until the Congress acted that it was made subject to the civil-service law or the Classification Act; it was not until Congress recently acted that it was brought within the provisions of the General Accounting Office. So we have the situation of this Corporation organized under the laws of Delaware with powers so supreme that if the Corporation so determined there is nothing in the whole gamut of economics that this Corporation could not be engaged in. The only limitation is the amount of money available which at

present is \$3,000,000,000, plus its capital. They are asking that this borrowing authority be extended to \$5,000,000,000.

On this subject of subsidy that the gentleman from Illinois has talked about, it is true that the Commodity Credit Corporation is administering a subsidy on dairy products, milk if you please. May I say to my distinguished friend and to the Members of this House that the overwhelming majority of the farmers that I have the honor to represent have time and time again opposed the subsidy program. They did not want subsidies. They do not want subsidies today. They have asked simply that they be permitted to receive in the market places of the Nation a fair, a decent, a just price for their products, which will enable them to receive a wage on the farm that is on a parity of relationship with the wages paid in industry.

This administration, in the enactment of the price-control law and in its efforts to secure increases in production, has placed limitations and ceilings upon milk. In the face of those ceilings, and in the face of increased labor costs on the farm, increased costs of feed and everything else, the War Food Administration came to those farmers and said, "We need 120,000,000,000 pounds of milk to feed our soldiers and our allies, and feed the people of America." The farmers went out last year under a program that involved 119,000,000,000 pounds, and they produced that milk. They had to work 16 and 18 hours a day 365 days in the year pulling the teats of these cows to get that milk. It is not like raising wheat or corn or cotton. It is a specialized business. After they produced that milk the price for their product was fixed by O. P. A. ceilings. In order to stimulate these farmers to enable them to meet this production schedule and to meet the increased cost of labor and the increased cost of feed, the Commodity Credit Corporation stepped into the picture, and under the direction of the War Food Administration announced a schedule of subsidy payments, and they have been paying the farmers that subsidy to make up this differential.

Oh, yes; the gentleman from Illinois can talk about the great prosperity of the farmer by showing the percentage of increase in the farmer's income resulting from the price of milk. But let me tell you this: Those figures are simply fantastic and unbelievable, because other increased costs have compelled the farmers of this country to leave their farms at the direction of the sheriff in foreclosure proceedings in such number that hundreds and thousands of farmers lost their farms because they had no income.

The farmers are getting a decent income today. The farmers in the milk production business are getting a decent income today, and one of the reasons they are getting it is because of the subsidy checks that are paid to them out of the funds of the Commodity Credit Corporation. Let that be understood. So far as I am concerned, speaking for the milk producers in the greatest milk-producing State in the Union, the great State of Wisconsin, we have been forced into the position of accepting the subsidy program, and we cannot meet the pro-

duction goals of the War Food Administration if there is any attempt to cut or curtail the present subsidy program. That is not what we are complaining of. That is not the thing I am complaining of as a Member of Congress. What I am complaining about is the situation that exists legally whereby, due to the inactivity or inattention of this Congress, you have delegated to the War Food Administration, subject only to the approval by the Economic Stabilizer, the power to control the economic life of the farm population of this country.

What do I mean when I say that? Marvin Jones, one man, decides to pay a subsidy of 60 cents a hundred on milk. The only check on him, if you please, is the borrowing authority of the Commodity Credit Corporation, which he also runs in addition to being War Food Administrator. The only check on him is the Economic Stabilizer, now Mr. Davis. Now, then, Mr. Jones, one man, can say to the farmers of this country, "We intend to pay you 60 cents a hundred for your milk in New York, 40 cents a hundred in Wisconsin, 45 cents in Arkansas," scattered all over the country. The payment of a milk subsidy or the nonpayment of a subsidy is dependent upon the whim or the caprice, if he sees fit to exercise it in that direction, of just one man. It is true that while Judge Jones would not use the payment of subsidies as a political weapon, yet under the present set-up the power is there. Some other man might not hesitate. When any man has the power to determine to pay or not to pay subsidies, when any man has the power to determine the amount by States or by counties, he has control of the economic life of the farmer who is dependent upon subsidies for the major part of his income.

Such power should be exercised only by the Congress. Congress can determine the policy and leave it to Judge Jones to administer and carry out the program. At present he practically makes and administers the dairy program of the Nation.

This is too much power for any one man or any two men.

I am not opposed to the payment of subsidies, but this Congress took a position when it passed the amendment to the Price Control Act of 1944 known as the Taft amendment, and said, "There shall be no more subsidy payments without approval by the Congress." Now you pass this bill, and as far as the Commodity Credit Corporation is concerned you emasculate the Taft amendment and make it inapplicable. You thus have marched up the hill seeking to regain some power under the Taft amendment, which is the law, and now you march down the hill, and you say the Taft amendment shall not apply to the payment of subsidies under the Commodity Credit organization. I suppose when the Reconstruction Finance Corporation legislation comes before the Congress you will march down the hill again as far as the R. F. C. is concerned.

I should like to see the Congress assert its responsibility. I should like to see the War Food Administration present a subsidy program, or the Defense Supplies Corporation present its subsidy pro-

gram to the proper committee of the Congress, and let the Congress determine what the program is to be. Then you will be acting as Members of Congress. Then let the Congress appropriate the money and have it spent under the direction of the Congress out of appropriated funds, rather than to utilize this artificial vehicle of borrowing power through the creation of these so-called Government corporations. To carry out the program in this manner would not destroy the present program but would merely put it more directly under the control of the Congress.

Mr. GALLAGHER. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Minnesota.

Mr. GALLAGHER. This subsidy is for the benefit of the consumers. Does the gentleman want the consumer always to be the goat? He pays all tariffs and other subsidies.

Mr. KEEFE. Evidently my distinguished friend from Minnesota was not listening or did not hear what I said. I stated very definitely that we cannot abandon the subsidy program. It has to be kept up. We have been forced into that position.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from North Carolina.

Mr. COOLEY. I should like to ask the gentleman the question he propounded to the gentleman from Illinois. Is the gentleman from Wisconsin for this bill?

Mr. KEEFE. After it has been suitably and properly amended, I am, because there is no other legislation before this House. But if I had my way, and if I were a member of the Committee on Banking and Currency, I would submit a bill to this House immediately that would impose upon a Federal agency to be controlled and governed by the Congress of the United States the same power and authority that is now exercised by a private corporation of Delaware as an agency of the United States. I would bring the employees of that agency by that act subject to the Classification Act, subject to the civil service and all the other laws that are applicable to Government or private agencies. By that act we would not destroy the subject of subsidies, but we would compel that agency to come here to the Congress and submit its program. We would be Congressmen instead of just mice delegating our authority to some Federal agency, because we have neither the time nor the inclination nor the desire to perform what I conceive to be our full function.

Mr. COOLEY. The gentleman stated to the House that in the operation of this program the Commodity Credit Corporation had suffered a loss to the extent of \$1,200,000,000. I wonder if the gentleman will be kind enough to tell the House and the country what part of that money was received by the dairy industry of America.

Mr. KEEFE. I cannot tell what part of it was received by the dairy industry as a whole. As to milk, it amounted to \$344,620,127 in the calendar year 1944.

Under the present program as it has been announced, it will be in the neighborhood of \$568,000,000 for 1945. That part of it is a direct and absolute loss to the Treasury of the United States. But you have made it necessary by your actions in other directions to compel us to accept that situation.

Mr. COOLEY. Is it not a fact that the dairy industry received more than half of the total amount of the loss?

Mr. KEEFE. Is the gentleman speaking only about the Commodity Credit Corporation now? Or is the gentleman talking about subsidies generally?

Mr. COOLEY. Yes. Is it not a fact that the dairy industry received the benefit in excess of \$700,000,000 of the money?

Mr. KEEFE. Is the gentleman talking about subsidies generally, subsidies paid by the Defense Supplies Corporation as well as the Commodity Credit Corporation, or is he only talking about that portion of the subsidies which is paid by the Commodity Credit Corporation?

Mr. COOLEY. I am talking of the amount that the gentleman used himself, \$1,200,000, whether it was paid through the Commodity Credit Corporation or the Defense Supplies Corporation.

Mr. MONRONEY. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. MONRONEY. I have made a study of all the subsidy programs and I might suggest my figures show approximately 80 percent of all subsidies that have been paid during the war program have gone to the livestock and dairying and animal industries.

Mr. KEEFE. I do not think there is any use in speculating about it because I have the exact figures to a penny as to the amount that has been paid up to December 31 for every subsidy program that is now in force.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. TARVER. In addition to the various programs of interest to the dairy industries, to which the gentleman has made reference, there was a program in connection with hay for dairy cattle.

Mr. KEEFE. Yes.

Mr. TARVER. The program in connection with hay for dairy cattle was also a dairy program. The total amounts of the subsidies to the dairy industry are over \$700,000,000, all a total loss to the Government.

Mr. KEEFE. If the gentlemen want to get into the question of subsidies, I do not want to be personal or partisan or sectional, but if you were to see the subsidies that have been paid, not in the form of direct subsidies but in the form of the purchase of commodities, critical and otherwise, that have been sold at a loss by these agencies of the Government in connection with the war effort, it will make the subsidies to the milk producers look puny and insignificant indeed. And it is a subsidy, nevertheless, that has been paid out of the Treasury of the United States. I am trying to get the entire list of subsidies paid, and then you will make the comparison, if you will.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MICHENER. Mr. Speaker, I yield the remainder of my time to the gentleman from Wisconsin.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Mr. Speaker, in order to save the gentleman from Wisconsin some trouble on the matter of these figures, may I suggest that if the Members who questioned him on the amount of losses will turn to page 39 of the hearings they will get a break-down of the losses and potential losses.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I am very glad to yield to the gentleman.

Mr. AUGUST H. ANDRESEN. May I point out to the gentleman these subsidies are in fact consumers' subsidies to hold down the prices and that the farmers are just reimbursed for the amount consumers are allowed throughout the country.

Mr. KEEFE. Why, the gentleman is absolutely correct. These are, in effect, intended to increase production and, in that respect, they are incentive subsidies. They are in reality consumer subsidies although they are designated merely as subsidies, because they have kept the prices down to the consumer of dairy products.

There is one phase of this situation that I think the gentleman from Illinois [Mr. SABATH] is correct about. Somebody asked, I think it was the gentleman from Georgia [Mr. BROWN], did he not know that this Commodity Credit Corporation had made a profit of some \$90,000,000. Yes; they have in their market arrangements and market rigging transactions, made a profit, but on the recapitulation, when they got through with their subsidy program they came here just a week or two ago and asked for \$256,000,000 to make up the impairment in their capital, and I am advised the loss next year will be at least \$1,200,000,000. I think the gentleman from Illinois [Mr. SABATH] touched briefly upon one phase of this situation that should demand the attention of this Congress. I am advised, on reliable authority, that if an examination of the records of certain brokerage houses in this city, as well as in the city of Chicago were made, they will find large purchases of grain on the grain markets at prices below parity, and within 3 or 4 days those same records will show an announcement was made by Commodity Credit Corporation that it is going to support those prices at parity, and the same records will show that those people on the inside, who bought the grain at a cheap price, with knowledge that that announcement was to be made, cashed in within 3 days and made themselves millions and millions of dollars. Those facts should be gone into.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. MAY. If the statement of the gentleman is correct, and I do not doubt it, that means that the Commodity Credit

Corporation is engaging in the protection of a lot of speculators.

Mr. KEEFE. You can take it as you want to. In certain instances there is no question but what they are, and certainly under their power, they can go the complete limit in that regard. It does not do to say that Judge Jones does not have notice of it, or that the head of Commodity Credit Corporation does not have notice of it. The fact is that it has been accomplished, and I think the Congress of the United States ought to know who those people on the inside are, who have been able to make millions out of these market-rigging transactions, when they have inside notice as to what the Commodity Credit Corporation intends to announce.

Mr. MONRONEY. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. MONRONEY. I am very much interested in what the gentleman has to say and I trust he will give the House the complete advantage of the information he has by putting the names of those parties and brokerage companies in the RECORD so that the committees of the Congress can have an opportunity to look into it.

Mr. KEEFE. May I say to the distinguished gentleman I am advised that the F. B. I. is now investigating that very activity, along with a lot of other activities of this outfit in its operations, which may be described in greater detail before we get through, by the distinguished gentleman from New York.

Mr. TARVER. Will the gentleman yield?

Mr. KEEFE. I yield.

Mr. TARVER. May I inquire of the gentleman how he became advised of the investigation by the F. B. I.? From what source did he receive his information?

Mr. KEEFE. Well, I got the information from sources I consider to be extremely reliable.

Mr. TARVER. But the gentleman is unwilling to answer.

Mr. KEEFE. The gentleman from Georgia is chairman of the Subcommittee on Agriculture of the Committee on Appropriations. Does the gentleman deny what I have said?

Mr. TARVER. I am asking the gentleman how he received such information.

Mr. KEEFE. Well, the gentleman declines to answer. Does the gentleman deny the truth of what I have said?

Mr. TARVER. May I say to him that he could not have received it from any source which could honorably have disclosed it to him?

Mr. KEEFE. Well what the gentleman means to say is this: He is chairman of the Agricultural Subcommittee on Appropriations. In his judgment no other member of the Committee on Appropriations is supposed to know anything that goes on in his subcommittee. It has been my experience that once in a while other members of the committee find out a little about what is going on. May I say to the gentleman that recently the Appropriations Committee refused to make

an appropriation of \$256,000,000 to provide for an impairment of the capital of the C. C. C. In the report of the committee the Congress and the public were advised that action on this item was postponed until the investigation being made of C. C. C. was completed. Is this a dishonorable source of information? All I can say to the gentleman is this: I have found out some facts, not gossip, and I have investigated them and at the proper time you will get them with both barrels.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired. All time has expired.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point the charter of incorporation of the Commodity Credit Corporation and the report of the Committee on Banking and Currency on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

(The matter referred to follows:)

EXECUTIVE ORDER No. 6340

AUTHORIZING THE FORMATION OF A CORPORATION TO BE KNOWN AS THE COMMODITY CREDIT CORPORATION

Whereas the Congress of the United States has declared that an acute emergency exists by reason of widespread distress and unemployment, disorganization of industry, and the impairment of the agricultural assets supporting the national credit structure, all of which affects the national public interest and welfare; and

Whereas in order to meet the said emergency and to provide the relief necessary to protect the general welfare of the people, the Congress of the United States has enacted the following acts:

1. The Agricultural Adjustment Act, approved May 12, 1933.
2. The National Industrial Recovery Act, approved June 16, 1933.
3. The Federal Emergency Relief Act of 1933, approved May 12, 1933.
4. Reconstruction Finance Corporation Act, approved January 22, 1932.
5. The Federal Farm Loan Act, approved July 17, 1916.
6. The Farm Credit Act of 1933, approved June 16, 1933.
7. The Emergency Relief and Construction Act of 1932, approved July 21, 1932.

And whereas in order, effectively and efficiently, to carry out the provisions of said acts it is expedient and necessary that a corporation be organized with such powers and functions as may be necessary to accomplish the purposes of said acts.

Now, therefore, under and by virtue of the authority vested in me by the National Industrial Recovery Act of June 16, 1933, it is hereby ordered that an agency, to wit, a corporation, under the laws of Delaware, be created, said corporation to be named the Commodity Credit Corporation.

The governing body of said corporation shall consist of a board of directors composed of eight members, and the following persons, who have been invited and have given their consent to serve, shall be elected by the incorporators as such directors:

Henry A. Wallace, Secretary of Agriculture.

George N. Peek, Administrator, Agricultural Adjustment Administration.

Oscar Johnston, Director of Finance, Agricultural Adjustment Administration.

Henry Morgenthau, Jr., Governor, Farm Credit Administration.

Herman Oliphant, general counsel, Farm Credit Administration.

Lynn P. Talley, assistant to the directors of the Reconstruction Finance Corporation.

E. B. Schwulst, special assistant to the directors of the Reconstruction Finance Corporation.

Stanley Reed, general counsel of the directors of the Reconstruction Finance Corporation.

The office and principal place of business of said corporation outside the State of Delaware shall be in the city of Washington, and branch offices may be established in such places within the United States as the said board of directors shall select and determine by and with the consent of the Secretary of Agriculture and the Governor of the Farm Credit Administration.

The capital stock of such corporation shall consist of 30,000 shares of the par value of \$100 each.

The Secretary of Agriculture and the Governor of the Farm Credit Administration are hereby authorized and directed to cause said corporation to be formed, with such articles or certificate of incorporation, and bylaws, which they shall deem requisite and necessary to define the methods by which said corporation shall conduct its business.

The Secretary of Agriculture and the Governor of the Farm Credit Administration are authorized and directed to subscribe for all of said capital stock for the use and benefit of the United States. There is hereby set aside for the purpose of subscribing to the capital stock in said corporation the sum of \$3,000,000 out of the appropriation of \$100,000,000 authorized by section 220 of the National Industrial Recovery Act and made by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933 (Public No. 77, 73d Cong.).

It is hereby further ordered that any outstanding stock standing in the name of the United States shall be voted by the Secretary of Agriculture and the Governor of the Farm Credit Administration jointly, or by such person or persons as the said Secretary of Agriculture and the Governor of the Farm Credit Administration shall appoint as their joint agent or agents for that purpose. The board of directors (other than the initial board of directors elected by the incorporators) shall be elected, and any vacancies thereon shall be filled by the Secretary of Agriculture and the Governor of the Farm Credit Administration jointly, subject to the approval of the President of the United States.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, October 16, 1933.

PURPOSES OF ACTS REFERRED TO IN EXECUTIVE ORDER 6340

Purposes of the Federal Emergency Relief Act, approved May 12, 1933 (48 Stat. 55): To establish more effective cooperation between the Federal Government and the several States and Territories and the District of Columbia in furnishing relief to the needy and distressed people within the District of Columbia and such States and Territories.

Purposes of the Reconstruction Finance Corporation Act, approved January 22, 1932 (47 Stat. 5): To aid in the financing of agriculture, commerce, and industry, including the facilitating of the exportation of agricultural and other products, and to make loans to aid in the temporary financing of railroads and railways engaged in interstate commerce, railroads and railways in process of construction, and to receivers of such railroads and railways.

Purposes of the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360): To provide a system of credit for persons desiring to borrow money on farm mortgage security.

Purposes of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257): To establish a system of credit for farmers under which they could obtain loans for general agricultural purposes, and for the purpose of making home alterations, repairs, and improvements.

Purposes of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709): To furnish relief and work relief to needy and distressed people and to relieve the hardship resulting from unemployment; to establish a system of credit for the purpose of providing housing for families of low income and for reconstruction of slum areas; to provide aid in carrying out the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, etc.; to assist in the financing of sales of surplus agricultural products in the markets of foreign countries, and to assist in financing the orderly marketing of agricultural commodities and of livestock produced in the United States.

National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195):

SECTION 1. A national emergency productive of widespread unemployment and disorganization of industry, which burdens interstate and foreign commerce, affects the public welfare, and undermines the standards of living of the American people, is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production (except as may be temporarily required), to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources.

Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 31):

That the present acute economic emergency being in part the consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities, and has seriously impaired the agricultural assets supporting the national credit structure, it is hereby declared that these conditions in the basic industry of agriculture have affected transactions in agricultural commodities with a national public interest, have burdened and obstructed the normal currents of commerce in such commodities, and render imperative the immediate enactment of title I of this act.

SEC. 2. It is hereby declared to be the policy of Congress—

(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural

commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, August 1919–July 1929.

(2) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

(3) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909–July 1914.

CERTIFICATE OF INCORPORATION OF COMMODITY CREDIT CORPORATION AS AMENDED APRIL 28, 1936

First. The name of this Corporation is Commodity Credit Corporation.

Second. The principal office of this Corporation in the State of Delaware is to be located at No. 100 West Tenth Street in the city of Wilmington, county of New Castle, and until otherwise designated by the board of directors its resident agent shall be the Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Del.

Third. The objects and purposes for which and for any of which this Corporation is formed are to do any or all of the things herein set forth to the same extent as natural persons might or could do, viz:

(a) To do any and all things which may be necessary to accomplish the purposes of the following acts of Congress of the United States of America, and any amendment or amendments heretofore or hereafter made thereto:

1. The Agricultural Adjustment Act, approved May 12, 1933.

2. The National Industrial Recovery Act, approved June 16, 1933.

3. The Federal Emergency Relief Act of 1933, approved May 12, 1933.

4. Reconstruction Finance Corporation Act, approved January 22, 1932.

5. The Federal Farm Loan Act, approved July 17, 1916.

6. The Farm Credit Act of 1933 approved June 16, 1933.

7. The Emergency Relief and Construction Act of 1932, approved July 21, 1932.

(b) To purchase, or otherwise acquire, to hold, or otherwise to deal in, to sell or otherwise dispose of any and all agricultural and/or other commodities, and/or products thereof and to loan and/or borrow money upon the same.

(c) To enter into and to encourage farmers, producers, and others to enter into marketing plans and agreements and to cooperate in any plan which provides for reduction in the acreage or reduction in the production for market of agricultural commodities.

(d) To engage in any activity in connection with or involving the production, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing, and marketing of agricultural and/or other commodities and/or products thereof.

To borrow money and to draw, make, accept, endorse, warrant, guarantee, transfer, assign, execute, and issue bonds, debentures, mortgages, promissory notes, bills of exchange, warrants, and all kinds of obligations and nonnegotiable, negotiable, or transferable instruments without limit as to amount, and for the security of any of its obligations to convey, transfer, assign, deliver, mortgage, and/or pledge all or any part of its property or assets upon such terms and conditions as the board of directors shall authorize.

(e) Without limiting the generality of the foregoing, to borrow money for the purpose of (1) purchasing, storing, handling, and/or processing agricultural and/or other commodities and/or products thereof or any surplus of the same and (2) disposing of or removing the same through orderly marketing in the United States and/or elsewhere.

(f) To loan money, to buy, discount, sell, rediscunt, or otherwise deal in notes, warehouse receipts, pledges, bills of lading, freight receipts, trust receipts, open accounts, mortgages, and other similar evidences of debt, or to loan money and to take notes, warehouse receipts, pledges, bills of lading, freight receipts, trust receipts, open accounts, mortgages, and other evidences of debt as collateral security therefor.

(g) To take and hold for any of its purposes, by bequest, devise, gift, purchase, lease, or otherwise, either absolutely or in trust, any property, real or personal, in the District of Columbia, any of the States, Territories, or colonies of the United States and in foreign countries, without limitation as to amount or value; to own, operate, manage, lease, mortgage, pledge, sell, assign, and transfer or otherwise dispose of and exercise all privileges of ownership over such property and to invest and reinvest any principal, and deal with and expend its income and principal within or without the State of Delaware in such manner as in the judgment of its directors will best promote its objects and purposes.

(h) To guarantee, purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock of, or any bonds, securities, or evidences of indebtedness created by any other corporation or corporations organized under the laws of this State or any other State, country, nation, or government, and while the owner thereof to exercise all the rights, powers, and privileges of ownership, including the right to vote thereon.

(i) To enter into, make, perform, and carry out contracts of every kind and description for any lawful purpose without limit as to amount, with any person, firm, association, corporation, municipality, county, State, body politic, territory, or government or colony or dependency thereof.

(j) To sell, deal in, store, handle, process, transport, deliver and/or accept delivery of agricultural and/or other commodities and/or products thereof and/or to make contracts for the purchase or sale of the same by itself or through subsidiaries or other agencies or to act as agent, broker, shipper, consignee, consignor, trustee, or factor with respect thereto and as such agent, broker, shipper, consignee, consignor, trustee, or factor, to buy, sell, deal in, hypothecate, pledge, mortgage, store, handle, process, transport, manufacture, deliver, or accept delivery of the aforesaid commodities and/or products thereof and/or to make contracts for the purchase or sale of the same on behalf of the owner thereof, and to fix and collect and deduct all charges for such services.

(k) To acquire by purchase, lease, or construction, or in any other manner, storage and other physical facilities for the handling, carrying, processing, manufacturing, storing, preparing for market, and marketing agricultural and/or other commodities, and/or products thereof.

(l) To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount, in any of the States, districts, Territories, or colonies of the United States, and in any and all foreign countries.

(m) In general, to have and to exercise all the powers and privileges conferred by the General Corporation Laws of Delaware upon corporations, and to do all and everything necessary, suitable, and proper for the accomplishment of any of the purposes or for the attainment of any of the objects or for the furtherance of any of the powers herein set forth, either alone or in association with other

corporations, firms, agencies, or individuals, and to do every other act or thing lawfully incident or appurtenant to or growing out of or connected with any of the aforesaid objects, purposes, and/or powers.

The objects and purposes specified in the foregoing clauses shall, except as otherwise expressed, be in no wise limited or restricted by reference to or inference from the terms of any other clause in this certificate of incorporation, but the objects and purposes specified in each of the foregoing clauses shall be regarded as independent objects and purposes.

The foregoing clauses shall be construed both as purposes and powers, but no recitation, expression, or declaration of specific or specified powers or purposes herein enumerated shall be deemed to be exclusive, and it is hereby expressly declared that this Corporation shall have and exercise all powers conferred on it by law.

Fourth. The total number of shares which this Corporation shall have authority to issue is 100, without par value, of which 3 shares shall be designated at first series shares and shall be issued in lieu of the 30,000 shares heretofore issued and outstanding on April 28, 1936, and 97 shares designated as second series shares. Each share, of whatever series, shall be equal in all respects with every other share, whether of the same or a different series, except that in the event of liquidation or dissolution of the Corporation, whether voluntary or otherwise, the holders of second series shares shall be entitled to receive the full amount paid to the Corporation for such second series shares before any distribution is made to the holders of first series shares, who, thereafter, shall receive the full amount paid for the stock in lieu of which such first series shares are issued. Any assets remaining after all holders of the first series shares and second series shares have received the sum hereinbefore provided shall be distributed to the holders of shares of each series, share and share alike.

Fifth. The minimum amount of capital with which the Corporation will commence business is \$1,000.

Sixth. The names and places of residence of each of the original incorporators are as follows:

Henry A. Wallace, Washington, D. C.

Henry Morgenthau, Jr., Washington, D. C.

Oscar Johnston, Washington, D. C.

Seventh. This Corporation is to have perpetual existence.

Eighth. The private property of the stockholders shall not be subject to the payment of corporate duties to any extent whatever.

Ninth. The business of this Corporation shall be managed by its board of directors except as in this certificate of incorporation or in the bylaws otherwise provided. The numbers of directors of the Corporation shall be as specified in the bylaws and such number may from time to time be increased or decreased in such manner as may be prescribed in the bylaws, provided the number of directors of the Corporation shall not be less than three. Directors need not be officers or stockholders of this Corporation. The election of directors need not be by ballot unless the bylaws so provide. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized—

To make and alter the bylaws of the Corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

To set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose or to abolish any such reserve in the manner in which it was created.

By resolution or resolutions, passed by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the directors of the

Corporation, which, to the extent provided in said resolution or resolutions or in the bylaws of the Corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the bylaws of the Corporation or as may be determined from time to time by resolution adopted by the board of directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, the board of directors shall have power and authority to sell, lease, or exchange all of the property and assets of the Corporation, including its goodwill and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as its board of directors shall deem expedient and for the best interest of the Corporation.

The Corporation may in its bylaws confer powers upon its board of directors in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon it by statute.

Tenth. Stockholders shall not have the preemptive right to subscribe to any new or additional issue of stock of this Corporation or any part thereof.

Eleventh. Both stockholders and directors shall have power, if the bylaws so provide, to hold their meetings, and to have one or more offices within or without the State of Delaware, and to keep the books of this Corporation (subject to the provisions of the statutes) outside of the State of Delaware at such places as may be from time to time designated by the board of directors.

Twelfth. The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

CONTINUING THE COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following report:

The Committee on Banking and Currency, to whom was referred the bill (H. R. 2023) to continue the Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of annual appraisal of its assets, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

EXPLANATION BY SECTIONS

Section 1 of the bill amends the act of March 8, 1938, so as to provide for an increase from \$3,000,000,000 to \$5,000,000,000 in the amount of the bonds, notes, debentures, and other similar obligations which the Commodity Credit Corporation is authorized to issue and have outstanding at any one time. This increase in the borrowing power of Commodity Credit Corporation is considered essential in order fully to assure that the Corporation will have ample funds with which to carry out its operations. In this connection it may be noted that in the event of a partial cessation of hostilities in the present war and a curtailment of the purchase of agricultural commodities and foods for the armed forces and lend-lease, a considerable expansion will be required in the operations of the Corporation for the purpose of sup-

porting the prices of agricultural commodities in fulfillment of commitments to farmers.

Section 2 of the bill would substitute for the existing provisions of section 381 (c) of the Agricultural Adjustment Act of 1938, which contains restrictions on the sale of cotton, new provisions which would, for a period of not less than 2 years after the present war, prohibit, with specified exceptions, the sale of any farm commodity owned or controlled by the Corporation at less than the parity or comparable price therefor. Such prohibition against sales of farm commodities below the parity or comparable price therefor and the exceptions thereto are, for the most part, now included as provisos to the Commodity Credit Corporation item (for administrative expense) in the Department of Agriculture Appropriation Act, 1945, and, for a number of years, have been so included in the annual appropriation act for the Department of Agriculture. Section 2 of the bill, if enacted, would render unnecessary the reenactment of these provisions each year in the annual appropriation act. Under the existing provisions of section 381 (c) the Commodity Credit Corporation may not sell cotton held on behalf of the United States unless the proceeds are sufficient to reimburse the United States for all amounts paid out with respect to such cotton, or sell more than 300,000 bales of cotton in any calendar month, or more than 1,500,000 bales in any calendar year. As amended by section 2 of the bill section 381 (c) would, until the end of the 2-year period beginning with the 1st day of January immediately following the date on which hostilities in the present war have terminated, prohibit the Commodity Credit Corporation from selling any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that this restriction would not apply to the following sales:

(1) Sales for new or byproduct uses. (2) Sales of peanuts for the extraction of oil. (3) Sales for export. (4) Sales for seed or feed, but no wheat or corn may be sold for feed at less than the parity price for corn at the time such sale is made, and, in making regional adjustments in the sale price of corn or wheat for feed the minimum price need not be higher in any area than the United States average parity price for corn. (5) Sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage. (6) Sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for $\frac{7}{8}$ -inch Middling cotton at the average location used in fixing the base loan rate for cotton must also be used for determining the parity for $\frac{7}{8}$ -inch Middling cotton at such average location for the purposes of the prohibition against sales of cotton below parity.

The exceptions to the prohibition against sales of farm commodities below the parity or comparable price contained in section 2 of the bill which are not contained in or differ in any substantial respect from the exceptions contained in the Commodity Credit Corporation item in the Department of Agriculture Appropriation Act, 1945, are those relating to sales of nonbasic perishable commodities, sales to establish claims against persons who have committed wrongful acts with respect to the commodity being sold, and sales for export. The appropriation item permits the sale of perishable fruits and vegetables if there is danger of deterioration or accumulation of stocks. Section 2 of the bill, as noted above, permits the sale of any nonbasic perishable commodity if there is

danger of waste or loss through spoilage. The appropriation item does not contain an exception permitting sales of commodities in order to establish claims against persons who have committed wrongful acts with respect to the commodity. Also the appropriation item does not contain an exception for sales for export. The exception of sales for export is consistent with section 21 (c) of the Surplus Property Act of 1944, which authorizes Commodity Credit Corporation to make sales for export at competitive world prices.

Section 3 of the bill makes it clear that the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944 (which, if the Price Control Act is further extended in its present form, would prohibit the payment directly or indirectly of subsidies after June 30, 1945), is not to apply to operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities. Section 3 also permits the continued absorption of abnormal costs in connection with the transportation of agricultural commodities and foods which have resulted from the war emergency. Section 3 of the bill would permit the continuation after June 30, 1945, of all operations of the character now being carried out by Commodity Credit Corporation, involving the making of subsidy payments or the absorption of losses through the purchase of commodities for resale at a loss, such as the operations of the Commodity Credit Corporation with respect to fruits for processing, vegetables for processing, dry edible beans, soybeans, peanuts, cheddar cheese, fluid milk, shortening, peanut butter, feed wheat, and the dairy production payment program. These operations are all designed to support the price or obtain the production of agricultural commodities, the making of the subsidy payment or the absorption of the loss being for the purpose of supporting prices and obtaining production without an increase in price ceilings established pursuant to the Emergency Price Control Act of 1942, as amended and supplemented.

Section 4 of the bill provides for a revision in the date and basis of the annual appraisal of the assets and liabilities of the Commodity Credit Corporation by the Treasury. The appraisal date is changed from March 31 of each year to June 30, the close of the fiscal year, thus putting the appraisal on a fiscal-year basis. The section also changes the basis of the valuation of the assets to the cost or average market price during the last month of the fiscal year, whichever is lower. The present basis is the average market price for a 12-month period or cost, including not more than 1 year of carrying charges, whichever is lower. The revision made by section 4 will simplify the appraisal, give a more accurate indication of the financial condition of the Corporation as of the date of the appraisal, and facilitate the use in making the appraisal of the report of the Comptroller General's audit, which is on a fiscal-year basis. Section 4 is substantially the same as section 1 of H. R. 3477, which was passed by both Houses of the Seventy-eighth Congress, second session, but which was, because of its provisions relating to subsidies, vetoed by the President.

Section 5 of the bill extends the life of the Commodity Credit Corporation as an agency of the Government through June 30, 1947, or such earlier date as may be fixed by the President by Executive order.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Section 4 of the act of March 8, 1938, as amended (15 U. S. C., 1940 ed., Supp. III, 713a-4):

"SEC. 4. With the approval of the Secretary of the Treasury, the Commodity Credit Corporation is authorized to issue and have outstanding at any one time, bonds, notes, debentures, and other similar obligations in an aggregate amount not exceeding ~~[\$3,000,000,000]~~ \$5,000,000,000. Such obligations shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices as may be prescribed by the Commodity Credit Corporation, with the approval of the Secretary of the Treasury. Such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such obligations shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Commodity Credit Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such obligations, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Commodity Credit Corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Commodity Credit Corporation's obligations hereunder. The Secretary of the Treasury may at any time sell any of the obligations of the Commodity Credit Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligation of the Commodity Credit Corporation shall be treated as public-debt transactions of the United States. No such obligations shall be issued in excess of the assets of the Commodity Credit Corporation, including the assets to be obtained from the proceeds of such obligations, but a failure to comply with this provision shall not invalidate the obligations or the guaranty of the same. The Commodity Credit Corporation shall have power to purchase such obligations in the open market at any time and at any price."

Section 381 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C., 1940 ed., 1381 (c)):

"SEC. 381. * * *

"(c) [The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than three hundred thousand bales of cotton in any calendar month, or more than one million five hundred thousand bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the

Treasury as miscellaneous receipts.] During the continuance of the present war and until the expiration of the two-year period beginning with the 1st day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, the Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that the foregoing restriction shall not apply to (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oils; (3) sales for export; (4) sales for seed or feed: Provided, That no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made: And provided further, That in making regional adjustments in the sale price of corn or wheat for feed, the minimum price need not be higher in any area than the United States average parity price for corn; (5) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for $\frac{3}{8}$ -inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for $\frac{3}{8}$ -inch Middling cotton at such average location for the purposes of this section."

Section 1 of the act of March 8, 1938, as amended (15 U. S. C., 1940 ed., Supp. III, 713a-1):

"SECTION 1. [As of the 31st of March in each year and as soon as possible thereafter, beginning with March 31, 1938, an appraisal of all the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall, insofar as possible, be determined on the basis of the cost, including not more than one year of carrying charges, of such assets of the Corporation, or the average market prices of such assets for a period of twelve months ending with March 31 of each year, whichever is less, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made.] As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or, insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made. In the event that any such appraisal shall establish that the net worth of the Commodity Credit Corporation is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such capital impairment by a contribution to the Commodity Credit Corporation in the amount of such impairment. To enable the Secretary of the Treasury to make such payment to the Commodity Credit Corporation, there is hereby authorized to be appropriated annually, commencing with the fiscal year 1938, out of any money in the Treasury not otherwise appropriated, an amount equal to any capital impairment found to exist by virtue of any appraisal as provided herein."

Section 7 (a) of the act of January 31, 1935, as amended (15 U. S. C., 1940 ed., Supp. III, 713, as amended by the act of February 28, 1944, Public Law 240, 78th Cong., 2d sess.):

"Sec. 7. (a) Notwithstanding any other provision of law, Commodity Credit Corporation, a corporation organized under the laws of the State of Delaware as an agency of the United States pursuant to the Executive order of the President of October 16, 1933, shall continue, until the close of business on [June 30, 1945] June 30, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States. During the continuance of such agency, the Secretary of Agriculture and the Governor of the Farm Credit Administration are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of Commodity Credit Corporation, and the Corporation is hereby authorized to use all its assets, including capital and net earnings therefrom, and all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency, including the making of loans on agricultural commodities: Provided, however, That the Corporation shall at all times maintain complete and accurate books of account and shall determine the procedures to be followed in the transaction of the corporate business."

For the information of the House there is set forth below the text of the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944 (Public Law 383, 78th Cong., 2d sess.), which is referred to in section 3 of the bill:

"After June 30, 1945, neither the Price Administrator nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing directly or indirectly the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose; and appropriations for such purpose are hereby authorized to be made."

CONTINUING THE COMMODITY CREDIT CORPORATION

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2023) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2023) continuing the Commodity Credit Corporation as an agency of the United States, with Mr. THOMASON, of Texas, in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from Kentucky is recognized for 1 hour and 30 minutes, and the gentleman from Michigan [Mr. WOLCOTT] also is recognized for 1 hour and 30 minutes.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I hope this bill will be given fair consideration and that its merits will not be discredited or the issue clouded by rumors. I know nothing about the truth or falsity of the charges

that have been intimated and rumored. It is my conception of the duty of the Committee on Banking and Currency that they should not follow rumors up every alley in the town. If charges have been made against some of the employees of this Corporation, I am not here to defend them. If there has been dereliction of duty, they should be punished. I believe that Marvin Jones, who served with us for many years, a man of high character and fine purpose, will see that those guilty of any irregularities or derelictions of duty will be punished. In an organization of the magnitude of the Commodity Credit Corporation, which has handled \$3,000,000,000, it would not be unusual that some employee might be found who would betray his trust. To punish just such people, criminal laws have been enacted. They fall upon few men, but they fall heavily upon those who incur their penalties. I hope that if there has been any criminality the guilty ones will be punished. But that certainly should not be the basis upon which we will meet this issue.

What has the Commodity Credit Corporation accomplished for the farmer? You can talk about the farmer wanting a fair price in the market place—and I represent farmers. Of course he wants that, and I would like to see him get it. But when the Commodity Credit Corporation was organized in 1933 there was no fair price in the market place. Cotton was selling at 4 or 5 cents a pound, tobacco was selling at about the same, corn was selling at about 15 cents, and wheat was less than 30 cents. There was no fair price in the market place then, and the farmers of our land eagerly sought the help that was given by the Commodity Credit Corporation.

What did this Corporation want to give the farmer?

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. Not right now.

Mr. MURRAY of Wisconsin. I just want to correct a statement the gentleman made. I would like to have him put in the RECORD those prices that he just quoted for the years he stated them and see how near they are to the facts.

Mr. SPENCE. They are pretty near to the facts. I got them from the agricultural authorities.

Mr. MURRAY of Wisconsin. Will the gentleman do that?

Mr. SPENCE. I will put in the actual figures. Does the gentleman mean to say the farmer was getting a fair price in 1933?

Mr. MURRAY of Wisconsin. No; and I do not think he was in 1939, either.

Mr. SPENCE. In some instances corn was being burned for fuel. They did not take it to the market at all. I know of men who took their tobacco to the market and hauled it back because there was no sale for it.

Mr. MURRAY of Wisconsin. The gentleman can put those prices of 1939 beside them, and there will not be so much difference.

Mr. SPENCE. In the light of what it has done for the farmer, I think this Corporation should be held in affectionate regard by every man who is in that business in America.

I have heard constant complaint that the Commodity Credit Corporation is a private corporation organized under the laws of the State of Delaware. The Government of the United States has no power to organize a corporation. Corporations are organized under the laws of States. They have attributes of the person and of citizenship, and if a citizen of one State sues a corporation of another State, it may plead diversity of citizenship and have the cause removed to the United States court. It also has a situs for taxation.

This is not a private corporation. This Corporation was organized for the very purpose it is doing business now. It derives its being from the State of Delaware. The State of Delaware granted to it powers that it can exercise if made an agency of the United States Government. The United States Government has made it the agency to carry out those great powers for public purpose for which it was organized. How could the United States have operated in a more efficient manner than to create an artificial person given the powers that it desired to have exercised, and then make it the agency of the United States Government?

The gentleman from Wisconsin says that appropriations ought to be made for each expenditure. Well, this is not a matter of first impression. This is a matter that has been ratified and approved by the Congress seven consecutive times. I have heard Members rise on the floor and say that it had doubtful authority. It was originally created by Executive order of the President under powers granted him in those deplorable times of 1933, and since that time the Congress has seven times given it the power to act as the agent of the United States Government. Again we are asked to do that.

It is inconceivable to me that you are going to destroy this agency. Eventually I would like to see some of these agencies abandoned when they are no longer needed, but we came from a depression into war. There have been emergent times ever since this Corporation was created. Now you who denounce it and say all manner of evil things about it do not dare destroy it. If you do destroy it you destroy the agriculture of your people and of your own State. You know that.

You know that is a fact, and you do not dare destroy it, and when the tumult and the shouting dies you are going to vote for this bill to continue this Corporation.

Some gentlemen attempt to make an issue between the farmer and the city man. I represent them both. I do not think there should be any diverse views between them. I want to see the farmer obtain a fair price and a good price for his product. I want to see it maintained. It means production. Without a fair price for the farmers which means production, America could not be prosperous and could not survive. I want to see the laborer in the city obtain a high wage because without it he cannot pay a fair price for the product of the farmer. All of this attempt to incite

antagonism between the employee in industry and the farmer is not based upon fact and is not based upon reason. Did you ever see any spotty prosperity in America? Did you ever see the farmer prosperous and the industrial worker without a decent wage, or the employee in industry prosperous and the farmer poor? Of course you have not. It is an impossibility. The farming industry is the great basic industry of the country. It must be preserved, and this is a means to preserve it. And in supporting farm prices and making the farmer prosperous you are helping bring prosperity to every city in the land and to our country.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. TABER].

Mr. CRAWFORD. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-eight Members have answered to their names; not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 34]

Adams	Gerlach	McGregor
Barden	Goodwin	McKenzie
Beall	Granahan	Morgan
Bell	Gross	Murphy
Bender	Gwinn, N. Y.	Norton
Bennet, N. Y.	Hagen	O'Toole
Boren	Hall	Patterson
Buckley	Edwin Arthur	Ploeser
Burgin	Halleck	Powell
Camp	Hand	Rains
Celler	Hart	Ramey
Chapman	Hedrick	Robertson,
Chelf	Heidinger	N. Dak.
Clark	Hobbs	Robinson, Utah
Clason	Holmes, Mass.	Rogers, Mass.
Combs	Howell	Sheridan
Corbett	Johnson,	Sikes
Courtney	Luther A.	Simpson, Pa.
Dawson	Johnson,	Slaughter
Dickstein	Lyndon B.	Starkey
Dirksen	Kelly, Ill.	Stewart
Domeneaux	Kinzer	Traynor
Durham	Kunkel	Wadsworth
Eaton	LaFollette	Weiss
Ellsworth	Lane	West
Elsaesser	Lea	White
Elston	LeCompte	Wood
Gamble	Luce	Woodrum, Va.
Gardner	McGlinchey	

Accordingly the Committee rose; and the Speaker pro tempore (Mr. COOPER) having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 2023, and finding itself without a quorum, he had directed the roll to be called, when 346 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER pro tempore. The Committee will resume its sitting.

The CHAIRMAN. The gentleman from New York [Mr. TABER] is recognized for 15 minutes.

Mr. TABER. Mr. Chairman, perhaps the thing that the American people most expect from their Government is competency and integrity. When we are considering a bill of this type and the bill is for an agency which has not been operated with that idea in mind, it is time to take stock and to consider whether or

not we should pass the bill at all, pending a cleaning up.

Those are some of the things that I believe the Commodity Credit Corporation should answer and explain before it is given any more authority or any more money.

First. I believe that there have been leaks from the Commodity Credit Corporation to the Chicago grain speculators. The whole trend of the price situation on the market and the whole development of that sort of thing bears this out. I quote from the Chicago Journal of Commerce for September 26, 1944, page 13, column 8. I am reading prices for September 25. Before the grain market opened, the Government announced that it would buy on May 1, 1945, at full parity price all wheat under loan that remained unredeemed. This came as a surprise and caused a 5-cent advance in wheat that day. From September 9 to September 25, there was a steady rise in the price of wheat, and the spread reached a height of 14½ cents per bushel. There was a very large volume of purchases and those purchases were dropped on the market immediately after the announcement on the 25th at a very large profit. Is it possible to infer anything other than that there had been a leak in the operations of the Commodity Credit Corporation and that those with the tip-off made an enormous profit in getting rid of the wheat at the high prices?

It is the same old manipulation story, and it is the kind of a story that reminds one of the old wild speculation on tip-offs in the grain market.

Second. The egg market situation indicates a leakage and a profit on the part of speculators. In the first few days of 1944, the War Food Administration made an announcement that it was going to sell 200 carloads of eggs. Four days prior to that the egg market dropped 2 cents per dozen on the Mercantile Exchange and after the announcement, it dropped another 2 cents. I understand that there was a large short sale of eggs just before the announcement and immediately before that the sellers picked up their eggs at a very substantial profit.

Third. There have been and are enormous inventories of merchandise which do not check with the figures that the Washington office has. Enormous quantities of lard have been bought and sold for a very low price because of spoilage.

Fourth. Why did they buy 450 tons of raisins from a particular New York broker in 1943—raisins were rationed from March 1 to March 29, 1943, and from September 5, 1943, to March 5, 1944? These raisins were not bought to take care of military camps. They must have been bought for some purpose not in the public interest.

Fifth. I understand that they have quantities of grain on hand in Chicago. Perhaps the most interesting item is the rye picture where I understand all the grain in Chicago belongs to one concern. That concern has made a huge profit out of the rise in the price of rye from about 70 cents to a present price of \$1.16. The price rise, with the exception of a very small part, has been taken advan-

tage of by the speculators and not by the farmers. An artificial requirement has been made that there should be a 10 percent amount of rye going into industrial alcohol, when there is a shortage of rye for the bread of the workingman and a surplus of wheat. No farmer-owned rye can now come into Chicago because of the regulations of the War Food Administration and the Commodity Credit Corporation.

Sixth. A charge has been made that 20,000,000 pounds of lard were allowed to spoil in Cincinnati about a week ago and instead of having it renovated and turned over to the bakers and other producers of food who could use it for that purpose, it was sold for soap and now we are faced with a situation where the lard is again rationed and it is impossible to buy it.

Before the Commodity Credit Corporation bill is extended, there should be an immediate, high-powered investigation of this organization and its methods of management. We who are here in Congress should insist upon integrity in the operations of the Government.

For instance, I understand from the newspapers that there was 20,000,000 pounds of lard stored in warehouses in Cincinnati in late 1943. I further understand that the lard in those warehouses mildewed and spoiled. Instead of protecting the consuming public and our food supply, that outfit, in place of having the lard renovated and turned over to manufacturing bakers and that sort of thing, sold the lard for a song.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Kentucky.

Mr. SPENCE. I have asked for the statistics of the spoilage of perishable commodities from the Commodity Credit Corporation. It is two and one-half hundredths percent, which is lower than in the ordinary trade circles. I will get that official statement from Judge Jones. The gentleman has served with Judge Jones and knows the character of man Judge Jones is, I am sure.

Mr. TABER. I want Judge Jones to get into this thing, and I want an investigating committee of this House to get into it to the bottom. I shall insist upon it if it is within my power. When you find that the records here in Washington and when you know that the records here in Washington do not gibe with the records in the field, you cannot tell what the spoilage has been. Where in that list of spoilage in the records here in Washington will you find the record of last year's potato crop? I can give you the detail of it.

Mr. SPENCE. Would the gentleman rather believe idle rumors or statistics of the Commodity Credit Corporation?

Mr. TABER. I would rather believe the records in the field in the warehouses than the records in Washington, when the records in Washington do not gibe. That is the picture with which you have to contend. You might just as well face it honestly as try to hide. The sooner the House of Representatives faces the music and cleans up this picture, the better off the House of Representatives

and the Commodity Credit Corporation will be.

Mr. SPENCE. May I ask the gentleman if he thinks the Committee on Banking and Currency is attempting to hide any of these things?

Mr. TABER. I have not made any such statement.

Mr. SPENCE. Does he think the officials in charge of the Commodity Credit Corporation are attempting to hide it? Does the gentleman charge that Judge Jones is attempting to hide it?

Mr. TABER. I do not think Judge Jones is aware of the picture that is under him. I do not think he has been until quite recently. I think he has had reason to be quite recently.

Mr. SPENCE. Does the gentleman believe some man on the street can get a better picture of it than Judge Jones, who is charged with the management of it?

Mr. TABER. No; but I understand and I know what I am saying.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Is the gentleman from New York who now has the floor at liberty to say whether or not the 20,000,000 pounds of lard alleged to have spoiled were stored in proximity to the Procter & Gamble soap factory in Cincinnati?

Mr. TABER. That is the understanding I had.

Mr. CRAWFORD. If that is substantially the fact, I am not concerned with whether the spoilage is one-tenth or one one-hundredth percent. What I am interested in as a member of the Committee on Banking and Currency and one who has always supported the Commodity Credit Corporation—one who has on two occasions, recently, specifically warned them against such bucketshop operations as here charged today—I do not want to go along any further with the Commodity Credit Corporation until we have more information on the supposed-to-be confidential report that is being passed around, more or less, and which was referred to by the gentleman from Georgia [Mr. TARVER]. I join with the gentleman from New York in demanding a clean-up of this whole matter.

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. TABER. Not at this time.

Mr. TARVER. I referred to no confidential report.

Mr. TABER. I am not referring to nor am I basing my statement on any confidential report. I am basing what I say on facts that I have investigated.

Let me give you another illustration. We do not have to stick to soap, we do not have to stick to lard, although we all know what a distressing situation America is in today with reference to lard. I call your attention to potatoes. You all know of the distressing situation we are in with reference to potatoes. Those of you who keep house find it almost impossible to go to the store and buy anything of that kind. Last year in one particular place, in Winchester, Va., 100 cars of approximately 400,000 sacks were spoiled.

At Berryville Va., 50 percent of that amount was spoiled. In Philadelphia and West Virginia areas, the dose was repeated. Up in my own territory, the dose was repeated. So that upwards of a thousand carloads of potatoes have been spoiled. The result of that mismanagement and carelessness is that we are shy on potatoes. There you are.

Mr. CLEVENGER. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman.

Mr. CLEVENGER. In my district last year, may I say to the gentleman from New York [Mr. TABER] hundreds of cars of potatoes were shipped in from Maine. Seven tons of them were converted into a ton of cow feed that sold for about \$15 per ton, after the labor was added. Those would probably not be called spoiled potatoes, but you know how difficult it was to get potatoes during the preceding months when this was done. If, to the \$60 a ton that the Government guaranteed for those potatoes, there is added the cost of transporting and the cost of converting the potatoes into cow feed, God knows what it costs.

Mr. TABER. That is the kind of thing that disturbs one. You know, when you get that picture, these percentage figures cannot be the figures we have to count on.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield at that point?

Mr. TABER. I yield.

Mr. ZIMMERMAN. Will the gentleman tell us what the effect has been of the heavy snow in our country which has kept our freight cars and refrigerator cars on the sidetracks and prevented them from moving and the effect of the shortage of labor which has prevented them from getting the ice out of the refrigerator cars? Will the gentleman tell this body what effect this has had on the potato situation?

Mr. TABER. It may have had some effect. On the other hand, the big effect has been the impossible kind of management, and dealing with people without experience, and bureaucrats, instead of the people who know the business. Now, there is the situation in the chicken business on the Eastern Shore in Maryland. You got into a situation where an enormous quantity of chickens, which were valuable for food at this time, exceedingly valuable, were spoiled.

Mr. ZIMMERMAN. Will the gentleman yield further for an observation?

Mr. TABER. Yes; I yield for a question.

Mr. ZIMMERMAN. I have taken it upon myself to take this matter up with the Association of Railroads in our country and also with the War Food Administration. They have pointed out, and I am surely in a position to give the gentleman information if he wants it, which will conclusively prove to him that the trouble concerning the inability of our people to get potatoes, which he mentioned today, has been due to the fact that these freight cars are not available; and due to the terrible snows in certain sections of our country, they have been tied up and kept from moving; and also because of the fact that they cannot get the ice out of hundreds and thousands

of these cars which are now standing on the sidetracks.

Mr. TABER. I think I understand that situation. The results have been caused by filling up the warehouses in places where they raise the potatoes that are dug in the late fall and which should go into the warehouse, with spring potatoes, and the spring potatoes spoiled. That is where your trouble is.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. JENKINS. The illustration which the gentleman from Missouri has given has nothing to do with the illustration of the gentleman from New York, because the situation with reference to the railroads has only existed in the last 2 or 3 months. I can give the gentleman an illustration. Last year, there was an instance where 1,000 carloads of potatoes were moved from the Carolinas up into New York to make starch out of them. Two or three weeks after that, a thousand carloads of potatoes were taken from Maine and New Jersey and moved down to New Orleans to make starch out of them—and the railroads moved them.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. TABER. Mr. Chairman, I want to call attention to another item. Why did they buy 450 tons of raisins from a particular New York broker in 1943? Raisins were rationed from March 1 to March 29, 1943, and from September 5, 1943, to March 5, 1944.

Those raisins were not all to take care of military camps. They must have been bought for some reason not in the public interest.

I understand they have quantities of grain on hand in Chicago. Perhaps the most interesting item is the rye picture, where I understand all the grain in Chicago belongs to one holder. That concern has made a huge profit out of the rise in the price of rye from 70 cents to the present \$1.16. The price rise, with the exception of a very small part, has been taken advantage of by speculators and not the farmers. An artificial requirement has been made that there should be 10 percent rye going into industrial alcohol where there is a shortage of rye for the bread of the workmen, and a surplus of wheat. No farmer-owned rye can come into Chi-

cago because of the regulations of the War Food Administration and the Commodity Credit Corporation.

Mr. Chairman, this whole picture makes me think that the Congress must get on the job. I think the situation here transcends Teapot Dome. I think it demands a most thorough investigation, and just as far as I am able to do it I intend to push for a complete and thorough investigation of the operation and management of the Commodity Credit Corporation.

Mr. COOLEY. Mr. Chairman, will the gentleman yield to me?

Mr. TABER. Yes; I yield.

Mr. COOLEY. Prior to January 5, did the Commodity Credit Corporation handle these transactions directly or through an agent known as the Office of Distribution?

Mr. TABER. I would not be able to answer that.

Mr. COOLEY. I understand that prior to January 5 the Commodity Credit Corporation or the War Food Administration had an agency known as the Office of Distribution and that these transactions to which the gentleman has referred occurred during the period prior to January 5, and that on January 5, the Office of Distribution was merged with the Commodity Credit Corporation and thereupon became a part of the Commodity Credit Corporation.

Mr. TABER. I do not know anything about that proposition. If an agency did this business and did the things I have referred to, the principal, according to the education I received, is responsible for the acts of his agent. He should not have an agent that he cannot trust.

Mr. COOLEY. Will the gentleman yield further?

Mr. TABER. I yield.

Mr. COOLEY. I would like to ask the gentleman if he knows whether or not since January 5, 1945, Mr. Jones has terminated the employment of personnel who may have been responsible for these transactions?

Mr. TABER. Well, I hope that has been done.

Mr. COOLEY. I understand it has been done, and it is to be regretted that the gentleman did not go a little further in his investigation.

Mr. TABER. I would like to be sure it had been done.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. AUGUST H. ANDRESEN. I suggest that with reference to the change made on January 5, prior to that time all of these men and agents were under the War Food Administration.

Mr. TABER. They were under Judge Jones.

Mr. COOLEY. But on January 5, was not the Office of Distribution merged with the Commodity Credit Corporation?

Mr. AUGUST H. ANDRESEN. What difference does it make?

Mr. COOLEY. Well, you are denouncing the Commodity Credit Corporation.

Mr. TABER. But they were all under the same set-up and under the same management, because the War Food Administration is charged with the management of Commodity Credit Corporation.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. McDONOUGH. I heard yesterday by wire from California that there are 226,000 workingmen in the shipbuilding and aircraft industries who are unable to obtain meat in that area because the Army has taken 60 percent of the meat supply of the packers in that area.

There is an investigation on now to find out how much of the 60 percent that is stored in warehouses for the Army is spoiling. The answer I got was that if this meat were not made available they would have to resort to fish, which would bring fish into the meat-market area, because the meat that is now in warehouses is spoiling. It does not make any difference what agencies have been handling it, these charges are made, and they should be investigated and reviewed.

Mr. TABER. This whole thing should be cleared up; and that is the position I feel obliged to take with reference to this bill.

Mr. Chairman, I yield back the balance of my time.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to insert a table I have prepared with reference to the prices of grain.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(The matter referred to follows:)

Chicago Board of Trade, Sept. 9 to 25, inclusive, 1944

	Sept. 9	Monday, Sept. 11	Tuesday, Sept. 12	Wednesday, Sept. 13	Thursday, Sept. 14	Friday, Sept. 15	Saturday, Sept. 16
Wheat:							
September.....	1.54 3-1.55 1	1.55 2-1.56 6	1.55 6-1.56 6	1.56 7-1.57 3	1.56 7-1.57 3	1.57 1-1.57 2	1.57 1-1.58 1
December.....	1.49 6-1.50 3	1.50 1-1.52 6	1.51 4-1.52 6	1.52 4-1.53 4	1.51 6-1.53 2	1.51 6-1.52 5	1.52 1-1.52 7
May.....	1.46 -1.46 7	1.46 5-1.49 3	1.48 1-1.49 3	1.49 -1.50 2	1.48 2-1.50	1.47 4-1.49 2	1.47 4-1.48 5
July.....	1.36 4-1.38 4	1.37 3-1.40	1.38 3-1.40	1.39 3-1.41	1.39 2-1.40 6	1.38 7-1.40 2	1.38 2-1.39 2
Oats:							
September.....	.55 7- .57 2	.56 - .57 2	.56 4- .58	.57 4- .58 3	.58 - .60 1	.61 - .62 4	.62 4- .64
December.....	.55 - .56 2	.56 - .57 5	.56 3- .58 1	.57 1- .58	.57 1- .58 5	.57 7- .59 2	.58 7- .59 3
May.....	.54 - .54 4	.54 6- .57 2	.56 1- .57 7	.56 6- .57 5	.56 1- .57 6	.56 3- .58	.57 6- .58 4
July.....		.53 2- .54 6	.54 - .56	.54 6- .56	.54 4- .55 4	.54 - .55 4	.55 1- .55 6
Rye:							
September.....	.93 - .94 4	.94 3- .97 2	.95 3- .96 3	.94 4- .96 3	.93 2- .94 7	.92 6- .94 2	.93 6- .95
December.....	.93 3- .95 1	.95 3- .97 5	.95 5- .97	.95 1- .96 3	.94 - .95 5	.93 3- .95 2	.94 4- .96 1
May.....	.94 7- .96 3	.96 4- .98 5	.96 - .97 1	.96 1- .97 4	.94 7- .96 2	.94 3- .96 2	.95 4- .96 6
July.....	.90 5- .92 3	.92 3- .94 4	.91 7- .93 3	.91 4- .92 7	.90 5- .91 6	.90 2- .91 7	.91 2- .92 6
Barley:							
September.....	1.02 3-1.02 7	1.02 6-1.04 2	1.00 7-1.03 1	.99 6-1.02	.99 4-1.00 4	1.00 -1.02	1.02 4-1.03 4
December.....	.96 - .97 2	.96 2- .98 6	.94 2- .96 4	.94 - .96 6	.93 4- .95	.94 4- .95 4	.95 3- .96 6
May.....	.91 - .92 4	.91 4- .93 1	.89 1- .91 1	.88 7- .91 4	.87 4- .89 2	.88 3- .89 6	.89 6- .91 2

Chicago Board of Trade, Sept. 9 to 25, inclusive, 1944—Continued

	Sept. 9	Monday, Sept. 11	Tuesday, Sept. 12	Wednesday, Sept. 13	Thursday, Sept. 14	Friday, Sept. 15	Saturday, Sept. 16
Cotton:							
December.....	21.35-21.48	21.20-21.28	21.36-21.46	21.32-21.45	21.24-21.36	21.28-21.38	21.30-21.38
May.....	21.16-21.26	20.63-20.79	20.89-20.99	20.84-20.97	20.80-20.91	20.84-20.96	20.92-21.02
Corn:							
December.....					1.07 2-1.09 4	1.07 -1.08	1.07 4-1.08 4
May.....					1.05 -1.07 4	1.05 4-1.06 6	1.05 3-1.06 3
July.....					1.04 4-1.06	1.04 -1.05	1.03 7-1.04 5
	Monday, Sept. 18	Tuesday, Sept. 19	Wednesday, Sept. 20	Thursday, Sept. 21	Friday, Sept. 22	Saturday, Sept. 23	Monday, Sept. 25
Wheat:							
September.....	1.57 5-1.59 1	1.59 -1.59 7	1.59 -1.59 5	1.59 -1.59 6	1.58 7-1.59 6		
December.....	1.52 7-1.54 7	1.54 3-1.55 2	1.54 4-1.55 1	1.54 4-1.55 7	1.55 -1.55 6	1.55 4-1.56 6	1.60 7-1.61 3
May.....	1.48 4-1.50 8	1.50 2-1.51 4	1.50 2-1.51 1	1.50 3-1.51 3	1.50 4-1.52	1.52 -1.53 7	1.57 7-1.58 6
July.....	1.39 3-1.41 6	1.41 4-1.43 3	1.41 7-1.42 7	1.41 6-1.42 6	1.41 3-1.43 3	1.43 4-1.45 3	1.49 2-1.50 3
Oats:							
September.....	.63 6-.65	.64 3-.66	.62 1-.64 6	.61 4-.64 4	.58 4-.63		
December.....	.59 1-.60 1	.59 2-.60 2	.58 3-.59 7	.57 7-.58 6	.57 4-.58 6	.58 1-.59 2	.61 4-.64
May.....	.58 - .58 7	.58 1-.59 1	.57 1-.58 3	.56 3-.57 3	.56 4-.57 3	.56 7-.58	.59 4-.62 6
July.....	.55 2-.56	.55 2-.56 4	.54 3-.55 3	.53 6-.54 3	.53 6-.54 4	.54 2-.55 4	.57 - .60 3
Rye:							
September.....	.95 2-.97 3	.95 7-.97 3	.94 6-.96 4	.95 - .96 3	.95 4-.97 6		
December.....	.95 6-.97 6	.96 4-.98 2	.96 - .97 2	.96 3-.97 7	.96 4-.98 2	.98 2-1.00 2	1.03 2-1.05 1
May.....	.96 3-.97 6	.96 4-.98 1	.96 3-.97 4	.96 3-.97 6	.96 - .98	.98 -1.00	1.03 -1.05
July.....	.92 1-.93 4	.91 6-.93 2	.92 - .93	.91 6-.93 1	.92 - .93 4	.93 6-.95 6	.98 2-1.00 6
Barley:							
September.....					1.03 -1.05 4		
December.....						.97 2-1.00	1.03 4-1.04 6
May.....						.92 6-.94	.97 3-.98 4
Cotton:							
December.....	21.35-21.44	21.38-21.50	21.37-21.46	21.28-21.36	21.26-21.35	21.31-21.41	21.92-22.26
May.....	21.02-21.10	21.10-21.19	21.02-21.15	20.88-21.01	20.87-20.99	20.98-21.17	21.80-22.14
Corn:							
December.....	1.07 7-1.09 1	1.08 4-1.09 4	1.09 2-1.10	1.09 2-1.10 7	1.09 4-1.10 7	1.10 2-1.11 5	1.12 2-1.16
May.....	1.05 4-1.06 6	1.06 -1.07	1.06 2-1.07 2	1.05 4-1.06 6	1.06 -1.07 4	1.07 3-1.08 1	1.11 -1.13
July.....	1.04 4-1.05 2	1.04 1-1.05 7	1.04 6-1.05 3	1.03 7-1.04 6	1.03 1-1.05	1.04 4-1.05 6	1.07 4-1.10 3

Sept. 25, 1944, before the opening of the grain market, the Government announced that it would buy on next May 1, all full parity price, all wheat under loan that remained unredeemed. This came as a surprise and caused a 5-cent advance that day. (See Chicago Journal of Commerce of Sept. 26, 1944, p. 13, column 8.)

Mr. TARVER. Mr. Chairman, I have been requested by the gentleman from Kentucky [Mr. SPENCE] chairman of the committee handling the pending bill, to take this time for the purpose of making certain statements to you which I think may be of interest.

I have been disturbed, as I am sure most of you have, by recent rumors and newspaper items concerning alleged investigations said to be in progress under the direction of the Subcommittee on Agricultural Appropriations of which I serve as chairman, and with reference to the actions or alleged actions of that subcommittee in having requested an investigation by the Federal Bureau of Investigation of several alleged criminal acts on the part of some of the employees of the War Food Administration. I desire to read to you, in order that you may fully understand the circumstances which restrict me in submitting this statement to you at this time, one paragraph of the rules of the Appropriations Committee governing the carrying on of investigations under the jurisdiction of one of its subcommittees:

PAR. 4. Any information obtained by the staff shall be reported to the chairman of the subcommittee requesting such study and examination, and to the chairman and ranking minority member of the full committee—

That is to the gentleman from Missouri [Mr. CANNON] to the gentleman from New York [Mr. TABER] and to myself—shall be made available to the members of the subcommittee concerned, and shall not be released for publication until the subcommittee so determines. Any hearings or investigations which may be desired aside from the regular hearings of appropriation items

when approved by the full committee shall be conducted by the subcommittee having jurisdiction of the matter.

You will therefore readily observe from the reading of this rule of the Appropriations Committee that I am not in position even to say to you that any investigation is being conducted by the Subcommittee on Agricultural Appropriations, or to detail to you any evidence that may have been developed thereby or any actions which may be within the contemplation of the subcommittee in that connection.

I may point out to you, however, that if any investigation of the War Food Administration is going on under the jurisdiction of the Subcommittee on Agricultural Appropriations, that investigation was not started by the gentleman from New York [Mr. TABER]. The investigation was not started by the gentleman from Wisconsin [Mr. KEEFE] and such disclosures as may have come about as a result thereof are not due to the activities of either of these gentlemen but are due to such action in the premises as may have been taken by the subcommittee of which I happen to be chairman. It is the duty of our subcommittee to investigate and to use the investigatory staff which you have provided for the Appropriations Committee to investigate any allegations of inefficiency or administrative irregularities or of culpable conduct of any kind or character on the part of any officials or employees of the Department of Agriculture or of the War Food Administration; and while I cannot state to you anything with regard to any investigation that is pending, I ask you to assume that your Subcommittee

on Agricultural Appropriations will fully discharge its duties in those particulars.

I ask you now whether you desire to take action upon the basis of rumors and publications made in newspapers containing some news of alleged malfeasance or nonfeasance or culpability on the part of officials and employees of the War Food Administration, or do you prefer to await the action which I think under the rules of the committee and the action heretofore taken by the House in providing funds for an investigatory staff for the committee you may reasonably apprehend will be taken in ascertaining what the facts may be with reference to these charges and what evidence there can be submitted or may be procured in substantiation thereof. I think you may rest assured that upon the completion of any investigation made by or under the jurisdiction of this subcommittee the House of Representatives will be fully apprised of all of the pertinent facts which may be developed. Any investigation which may have been had and not completed is confidential in nature until all the evidence is disclosed to the subcommittee first, thereafter to the full committee, and if by its direction and if thought appropriate to the House of Representatives.

Mr. Chairman, I want to say regarding the pending bill that my statement is not intended to apply particularly as an argument either for or against the pending bill. I think you ought to pass on the question whether you desire to furnish the Commodity Credit Corporation proper facilities with which to carry on the programs which have been carried on and are now under way under its ju-

jurisdiction without regard to whether or not there may have been negligence, even criminality, on the part of some few of the thousands of employees of the War Food Administration and its subsidiaries. There may be some rascals in the War Food Administration. To be frank with you, from all of the reports I have heard, I am inclined to think there are. I know that the War Food Administration has recently, and you can judge whether it is upon the basis of evidence for which our subcommittee is responsible or not, removed at least two men with criminal records from among its personnel. I think that your observance of the work of the subcommittee on agricultural appropriations has been such as to justify the hope on my part that you will believe that our subcommittee will do its full duty in connection with any subject matter coming within its jurisdiction and that you will not feel that you should either pass or fail to pass legislation here pending increasing the borrowing power of the Commodity Credit Corporation because you do or do not believe any charges which are still in the status of rumors so far as you are concerned with regard to alleged misconduct on the part of the officials of the Commodity Credit Corporation. In other words, the work of that Corporation should either be authorized to continue or it should be discontinued. If you people from the dairy States who are getting most of this money do not want these subsidies, vote against the bill, vote it down. It is of far more interest to you than to my section of the country. If you want it, then provide for it. If there are rascals in charge of any parts of the organization that is carrying out the law, let us get rid of the rascals, but let us not burn down the house in order to destroy a few rats.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. TARVER. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. The gentleman addressing the House is the chairman of the subcommittee of which I am a member. I have the utmost faith in his integrity and in his ability regarding the manner in which certain things are to be accomplished. May I ask the gentleman if it would not better serve the purposes of the House today if we recommit this bill temporarily until the House itself becomes better aware of the situation that existed?

Mr. TARVER. I cannot conceive of any possible good to be done by the recommitment of this bill. In my own personal judgment—and, of course, I am speaking only for myself—there is no matter pending before the subcommittee on agricultural appropriations, and there has not been a disclosure of any facts before that subcommittee in connection with any investigation which may be conducted—and I am not saying whether it is conducting an investigation or not—that would in any way warrant the House in recommitting this bill to the committee.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I hope the members will keep in mind in the consideration of this

bill that the matters referred to by the gentleman from New York [Mr. TABER] and the matter referred to by the gentleman from Wisconsin [Mr. KEEFE] were not before the Committee on Banking and Currency when the bill was before the committee. Some few days after it was reported out, certain of these matters came to our attention. When the deficiency bill was before the House last week we asked some questions as to why the Committee on Appropriations did not appropriate something like \$256,000,000 to the Treasury to reimburse the Treasury for the money it had advanced to the Commodity Credit Corporation for capital impairment.

The law, if you will recall, provides that the Treasury must maintain the capital of the Commodity Credit Corporation at \$100,000,000, and if there are impairments in that capital, then the Treasury pays sufficient moneys to the Commodity Credit Corporation to keep its capital at \$100,000,000. That is a very simple way of putting it. Then the Bureau of the Budget recommends to the Committee on Appropriations that certain sums be provided to repay the impairment. You will notice, if you read the report on the deficiency bill last week, that the reasons given for the failure of the Committee on Appropriations to act on the \$256,000,000, which was necessary to restore Commodity Credit Corporation capital, were that certain investigations were being made, and that they did not think they should appropriate this \$256,000,000 until their investigations were completed.

I am not so sure but what the Committee on Appropriations owes a duty to the House and to the Committee of the Whole House in the consideration of this bill to make known to this Committee as many of the facts as have been established. I understand from very good and unimpeachable authority that there are facts which do not have to be investigated any further. They are known. If there are facts that are known and it develops from those facts, if they are presented to us, that the Committee on Banking and Currency should give further consideration to this bill, I do not think there is any question but that the bill should go back to the Committee on Banking and Currency if for no other reason than to reconcile the known facts in whatever report has been given to the Committee on Appropriations with certain provisions of the bill which we have reported out.

Of course, until we do know those facts, the doubt and uncertainty with respect to the advisability of passing this legislation exist and will continue to exist until they are removed.

I do not believe there are very many Members in the House who want to defeat the Commodity Credit Corporation. There may be a few who think we should start here in a retrenchment program against subsidies, against collectivism, back perhaps to democratic processes of doing business; but they are willing to postpone any efforts along that line to some later date. But we should not have to postpone any attempts for too long a period.

This bill, as it was reported out of committee in opposition to certain of the minority, continues the Commodity Credit Corporation for 2 years.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I did not understand there was anybody against voting this bill out of committee.

Mr. WOLCOTT. Possibly I misspoke myself, I should have said that a strong minority of the committee was against the continuance of the Commodity Credit Corporation for 2 years, but unfortunately those of us who believe that were not in the majority. We did think we would get perhaps more sympathetic consideration for our position in that respect here in the Committee of the Whole than we got in the Committee on Banking and Currency, under the theory, of course, that they always have the votes in the Committee on Banking and Currency to defeat any amendments, I sometimes think, whether they are good or bad.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. DONDERO. The gentleman means by impairment of capital the word "loss"?

Mr. WOLCOTT. Yes. Any loss that accrues to the Commodity Credit Corporation. If their capital is impaired, if they have to use any of their capital for any losses which they have sustained, the Treasury repays them. If their losses have been \$10,000,000, then the Treasury gives them \$10,000,000 and we appropriate \$10,000,000 to the Treasury to reimburse it. In the deficiency bill those accumulations in the aggregate I believe are \$256,000,000.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I heard very recently that the Commodity Credit Corporation had made \$20,000,000 on a particular transaction, whether it had to do with sugar or wheat I do not now recall. Was that \$20,000,000 covered back into the Federal Treasury, or is it a case of "heads I win, tails you lose"?

Mr. WOLCOTT. I suppose it will be chargeable against capital. I am not too familiar with the bookkeeping operations or how profits are handled. But if they had not made that \$20,000,000 in profits we might assume that we would have been asked to appropriate \$276,000,000 instead of \$256,000,000. That is as close as I can get to it.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DONDERO. I have received a telegram from the Milk Producers of Michigan protesting the payment of \$568,000,000 as a subsidy on milk. What reason could you give the House or the country why milk producers should not have a fair price for their product in the market place without the payment of a subsidy?

Mr. WOLCOTT. We fought that quite extensively on three different occasions within the last 2 years. But, if I may proceed, I will come back to that later.

I want to get to this point of the 2-year extension and stay on it long enough to explain that there are many of us who believe we should take a look at all of these agencies at least once a year, preferably, perhaps, every 6 months, because our economic position in world affairs is going to change more rapidly during the next 1 or 2 years than it ever has before.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 additional minutes.

If Germany were to collapse tomorrow, we might decide to set up new standards and perhaps new machinery for the management and control of all these agencies. Therefore, I think, in all fairness, and in the proper consideration of our duty to the people of this Nation, we should have a look at all of these agencies at least once a year.

The other body reduced the amount from \$2,000,000,000 to \$1,500,000,000. They seek in the bill to raise this sum from \$3,000,000,000 to \$5,000,000,000. The other body raised it from \$3,000,000,000 to \$4,500,000,000. I, personally, cannot see any necessity for raising it any more than \$1,000,000,000. Even then, I think we are giving them about \$150,000,000 to play with. They actually need probably \$800,000,000 to \$850,000,000 to pay all of the subsidies, including the so-called consumer subsidies. If we give them a billion dollars, we are apparently giving them \$150,000,000 merely as an assurance that they are not going to run short of funds and thereby impair their capital by that amount. The less we give them, the more control we have over their functions. I think, in view of what has gone on here today, it has proven, if anything, that we should keep our eyes on this Corporation. We should be able to check it occasionally. I think 1 year is a short enough time to elapse before we check it again.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HARNESS of Indiana. If, under existing laws, the Treasury Department would make up any deficiency in the capital, what difference does it make how much you appropriate for them? If they lose \$50,000,000, the Treasury makes it up.

Mr. WOLCOTT. Well, you have got to make it up to the Treasury.

Mr. HARNESS of Indiana. It is made up in the deficiency appropriation bill.

Mr. WOLCOTT. So long as Congress keeps appropriating money to make up the deficiency to provide for the impairment of capital, of course it does not make any difference whether you give the Corporation any money. So, even if they are on the border here, it does not impair their legal operations in any respect because we will always give them enough to restore their capital.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. THOM. Is it not true that unless the capital impaired is restored, there

will be no showing in the Budget of the losses sustained by the Corporation? If the method suggested by the gentleman from Indiana [Mr. HARNESS] is pursued, the losses would be covered into the public debt and would not be reflected in the Budget, and that is the reason the showing of impairment of capital is necessary.

Mr. WOLCOTT. I assume we are going to restore this capital as long as there are losses.

So there will be two amendments offered, one to reduce the extension period from 2 years to 1 year. There will be another amendment offered to substitute \$4,000,000,000 for \$5,000,000,000, which leads me to another problem which confronts us that is perhaps less easy to understand unless we get some background for it. It will be recalled that many of us have never taken the position that Commodity Credit Corporation, or any other agency of the Government, ever had the legal right to pay subsidies for the purpose of maintaining maximum prices established under the price control acts. To shorten that a little and to refresh your memories it was never contended that the Commodity Credit Corporation, or any other agency of the Government, had any legal authority whatsoever to pay consumer subsidies, but we fought, and I hope valiantly, at least three fights in that respect until now, especially the milk producers of the Nation, being assured that the administration is not going to give them a fair price, a price which will give them a fair return, have come to rely upon these subsidies. So we have to give some consideration to them.

Last year when we passed the Price Control Act the so-called Taft amendment provided that no subsidies would be paid after June 30, 1945, unless and until the Congress made specific appropriations for definite purposes. In this bill the other body, in its wisdom, lifted the lid a little and said that the provisions of the so-called Taft amendment, if it may be referred to as such, should not apply to operations of the Commodity Credit Corporation except—and then it went onto make exceptions aggregating, as I recall, in the neighborhood of \$900,000,000.

When the matter was presented to the Committee on Banking and Currency that matter was given some consideration. Because an amendment was not offered section 3 of the bill, as it is reported out, provides that the Taft amendment shall not apply to the operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities, or to absorb abnormal costs in connection with the transportation of agricultural commodities and foods. There has been prepared an amendment which is along the lines of the amendment which was adopted in the other body which will be offered. As I understand, it is satisfactory to the milk producers, it is satisfactory to the Commodity Credit Corporation, it is satisfactory to the O. P. A. Senator Taft has been consulted and I understand it is satisfactory to him. It seems satisfactory to the members of the committee who have been consulted about it. Inasmuch as

the committee, unfortunately, because of other matters, could not be called back to consider this amendment, it does not appear in the form of a committee amendment but I do not know of any opposition to it.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

If I may be indulged long enough I will read the amendment into the Record so that on Monday the Members may have it before them when the bill is read:

In lieu of section 3 it is proposed that the following language be inserted:

"Sec. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$568,000,000 for operations during the fiscal year ending June 30, 1946, with respect to the dairy production payment program, (2) \$120,000,000 for operations during the fiscal year ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations: *Provided*, That not to exceed 10 percent of each amount specified in clauses (b) (1), (2), and (3) shall be available interchangeably for the operations described in such clauses but in no case shall the total subsidy payments and losses absorbed under any one of such clauses be increased by more than 10 percent.

"*Provided further*, That in carrying out the dairy production payment program, beginning April 1, 1945, the rate of payment per pound of butterfat delivered shall not be less than 25 percent of the national weighted average rate of payment per 100 pounds of whole milk delivered."

Mr. Chairman, I believe these three amendments should be considered before any action is finally taken on the bill. If the Congress thinks the presumptions which have been raised here are strong enough to influence further committee action, then, of course, the committee will be very glad to consider them.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SPENCE. While we have not had an opportunity to consult the committee in regard to the amendment the gentleman has just read, I believe it is entirely satisfactory to the Commodity Credit Corporation and that there will be no objection to its adoption.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. STEFAN. In enumerating those who favor this amendment of the Taft amendment I think the gentleman should also state that the American Farm Bu-

reau Federation has wired their approval.

Mr. WOLCOTT. I intended to include the Farm Bureau Federation; and I am reasonably certain that it has been approved by the Grange. I do not know whether it has been approved by the Farm Union or not, but as far as I am able to learn, the majority of the farm organizations, including the Farm Bureau Federation, have approved the proposed amendment.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. AUGUST H. ANDRESEN. Is it not a fact that the provision with respect to butterfat is drawn with the idea of securing an increase for the production of butter for the American people by equalizing the payments as between butterfat and whole milk?

Mr. WOLCOTT. I believe that if the members of the committee will read the last provision they will find that in all probability it will result in an increase in butter production if it is enacted.

Mr. MICHENER. Mr. Chairman, will the gentleman yield for a question?

Mr. WOLCOTT. I yield.

Mr. MICHENER. Our colleague the gentleman from Michigan [Mr. DONDERO] called attention to a telegram which we all received from the Milk Producers Association of Michigan protesting against the general principle of subsidies; but I call attention to the fact that the second sentence in the telegram asks us to vote for this bill.

Mr. WOLCOTT. As I understand it, in lieu of an increase in price to give them a fair return, they want the subsidy.

Mr. AUGUST H. ANDRESEN. All the dairy farmers of this country would rather have a fair price in the market place than to pay hundreds of millions of dollars out of the United States Treasury.

Mr. WOLCOTT. They have always insisted on that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, this bill merely carries out existing law. We have had a scrap here for the last 2 years about a certain type of subsidy. I have never been in favor of a consumer subsidy and I helped lead the fight, but we lost out because the bill was vetoed, although the proposition was carried by the Members of this Chamber by 3 to 1. We have gone along with this program since a year ago and we have made commitments to the farmers of America that we must carry out. Therefore, when this bill was introduced it was backed by the farmers and the leaders of the farmers of this land. We must carry it through and we must do that at once. We must pass this bill.

There are only two basic purposes of the Commodity Credit Corporation. One is to stabilize the price of agriculture in order that the farmer may have a fair profit. That was the original program

and that was the only program until war came. When war came, it was necessary on account of a scarcity of labor to induce people to plant certain war crops and in order to do that we had to guarantee a certain price. We made those guaranties. That is what the programs are that we seek by this bill to continue.

If you are going to recommit this bill you might as well kill it. Why recommit it? Because somebody has heard a rumor that some one has made an error down here in an office? Recommit it because some man somewhere is alleged to have gambled on the stock market? As long as he does not gamble with Uncle Sam's money that is his business, although I am against any type of gambling myself. Would you recommit it for those reasons? Would you recommit the bill after the farmer has bought his fertilizer, after the farmer has bought his implements to make his crop, after the farmer has engaged his labor, and, in some instances, has planted his crops? This Congress has a solemn obligation to carry out its commitments to American farmers.

It is silly to talk about recommitting this bill. It makes me sick when I hear sensible men talking about recommitting the bill just because we hear some talk about a fellow down here who made a mistake. What has the farmer got to do with that? The farmer is not to blame. You made a promise to him, you promised you would give him a support price and you must do it regardless of whether some fellow down here by buying a little lard had some of it spoil, or we lost some money on soap. If a bank makes a bad investment or an officer of a bank goes wrong we do not close the bank, for to do so would injure innocent people. As long as you are dealing with perishables, may I say to my good friend from Chicago, you will have spoilage, you will have losses, but you are on record as voting for that principle in order to get food for the armed forces and for the civilians of this country. It is too late to change and turn back. We cannot turn back because we made a solemn contract with the farmers of this country to produce, and God knows, they have made the greatest record that has ever been made in the history of this country.

Recommit for days and days, weeks and weeks. Recommit for what? It means when you recommit you are going to absolutely destroy the effort of producing the food to supply the armed forces of our country. I well remember as many of you remember the terrible economic situation of the farmers of this country in 1932; the agricultural losses, the foreclosing of farm mortgages, the loss of agricultural profit and the loss of purchasing power. Corn was bringing less than 32 cents a bushel in 1932; cotton, 6 cents a pound; wheat, less than 50 cents per bushel; and in 1932 farmers' profits were the lowest in 22 years—that is, from 1910 to 1932.

In the early twenties and prior to that time 59 percent of the cotton was exported to foreign countries. At the same time, 40 percent of the wheat was exported to foreign countries. Then the exportation of wheat, cotton, and corn

began to drop. What happened? The farmers of the South and the farmers of the West went down. What else happened? After that the industrial cities went down and we had chaos all over the country because the people in the cities depended upon the prosperity of the man that grows the food and grows the cotton to clothe us.

Then, at the height of the depression, in 1933, the Commodity Credit Corporation was organized. What happened? Up to 1941 we only had Commodity Credit loans on the basic commodities of this country, but under the Steagall Act we went further and added the non-basic commodities, and directed the Secretary of Agriculture to give support prices of not less than 85 percent of parity so that the farmers could produce abundant crops—to assure production to feed our gallant soldiers on the fronts, as well as the civilians at home. Since that time and up to the present time, with the basic commodities and non-basic commodities added together, the Government has made net profits of \$23,000,000.

That is, since 1933 to the present time, on the regular support programs, the Commodity Credit Corporation has made \$23,000,000. Losses in some commodities have been canceled by profits on other commodities. For example, cotton operations have resulted in total profits of approximately \$93,000,000. In addition the Corporation today holds title to approximately 3,500,000 bales of cotton with a possible profit of \$20 a bale, which would make \$70,000,000 more in profits.

This Corporation has done a magnificent job, and I said that advisedly regardless of any unfounded rumors. It has loaned the American farmers since 1933, \$4,500,000,000. It has loaned to the cotton farmers of the country \$2,000,000,000 on 30,000,000 bales of cotton. It has loaned to the wheat growers of this country \$1,500,000,000 on 1,500,000,000 bushels of wheat. It has loaned to the corn growers \$700,000,000 on 1,200,000,000 bushels of corn. It has loaned to the tobacco growers \$28,000,000 on 200,000,000 pounds of tobacco. It has loaned on naval stores of this country approximately \$45,000,000; and so on down the line of commodities. Who wants to do away with this Corporation? Who wants to postpone it? Who wants to kill the goose that laid the golden egg, just to get even with somebody who made a mistake or who speculated a little bit with their own money?

There are five sections to this bill. The fifth section deals only with extending the life of the Corporation by striking out "June 30, 1945" and inserting "June 30, 1947."

The fourth section deals with a change in the date of the appraisal of the assets of the Corporation—namely by changing the date from March 31 to June 30, the end of the fiscal year. It also changes the basis of the valuation from the cost of the commodity or the average price for the 12 preceding months, whichever is lower, to the cost or the average price for the last month of the fiscal year, whichever is lower. This will result in a more accurate estimate of the real value of the assets.

And while we are considering this appraisal section, I would remind you that we have now a Comptroller General, Mr. Lindsay Warren, who is at present engaged in auditing this Corporation pursuant to recent legislation by Congress. Who can object to this procedure? We have every safeguard around this Corporation because this recent law requires this audit of all the Corporation's transactions. If somebody has violated the law, send him to the penitentiary. If somebody has made an error, have him correct it. If he has no ability, throw him out. I would remind you that these charges of alleged irregularities do not involve employees of the Commodity Credit Corporation but of the former Office of Distribution. I would also remind you that as of January 1, 1945, these functions of the Office of Distribution were placed in the Commodity Credit Corporation, and I am confident that if there is anything to these charges of irregularity Judge Jones, Lindsay Warren, and Frank Hancock will straighten them out.

As long as the Corporation is required to buy perishable commodities, some will spoil. But this Corporation is on record, by mandate from Congress, to buy to stimulate production, so that we can get production to feed our boys in the armed forces and the civilian population of this country.

How much have we spent? How much have we lost? On what crops have we lost? What does it amount to? On January 1 of this year the losses on war-time subsidy operations, that is operations to obtain food for war purposes, were \$838,000,000. They are a little more up to date. What is \$838,000,000 compared with the billions and billions the Government has lost in trying to get production of implements of war?

I have heard from both sides of this aisle that it is as necessary to produce food to feed the armed forces as it is to produce the implements of war, yet the amount that has been lost in producing food is very small compared to the amount this Government has lost in producing implements of war. I imagine that when you investigate the production of implements of war, including all types of transactions, you will find that in the production of such implements mistakes have been made and that a lot of money has been lost. Why put the blame on the farmer? It is just as necessary for him to produce food as it is to produce the implements of war, financed by Government agencies such as the R. F. C. Does it make sense to say "We are willing to lose on producing implements of war but we are not going to let you lose a dime on producing food?"

Section 3 of the bill would make it clear that the ant subsidy provisions of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Act of 1944, are not to apply to operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities. Section 3 also would permit the continued absorption of abnormal costs in connection with the transportation of agricultural commodities and foods. This provision is, I believe, desirable so as to remove any doubt

as to the authority of the Corporation to use its funds to support prices and obtain production of agricultural commodities, and to absorb abnormal costs in connection with transportation of such commodities and foods which have resulted from the war emergency.

I am not opposed to the so-called Taft amendment in the Senate bill, S. 298, and I understand that the gentleman from Michigan [Mr. Wolcott] expects to offer a similar amendment, different only in a few particulars. I have read this amendment and I expect to support it.

Section 2 of the bill is intended to incorporate in one act and to amend in certain respects the existing restrictions on the sale of farm commodities by Commodity Credit Corporation. At present, such restrictions are found in section 381 (c) of the Agricultural Adjustment Act of 1938 and in the Commodity Credit Corporation item, for administrative expenses, in the Department of Agriculture Appropriation Act, 1945. As found there, they prohibit the Corporation, with certain exceptions, from selling any farm commodity owned or controlled by the Corporation below the parity or comparable price therefor, and, in addition, prohibit the sale of cotton, unless the proceeds are sufficient to reimburse the United States for all amounts paid out with respect to such cotton. They also prohibit the sale of more than 300,000 bales of cotton in any one month or more than 1,500,000 bales in any calendar year. Section 2 of the bill would remove the restriction on the number of bales of cotton that can be sold and would, with specified exceptions, establish the parity or comparable price as a single standard for determining the minimum price at which all farm commodities may be sold by the Corporation.

Turning now to the exceptions to the requirements that sales of farm commodities be made at not less than the parity or comparable price, under existing law the following sales are not subject to the minimum price restriction: First, sales for new or byproduct uses; second, sales of peanuts for the extraction of oil; third, sales for export which are authorized by section 21 (c) of the Surplus Property Act to be made at competitive world prices; fourth, sales for seed or feed, except that no wheat or corn may be sold for feed at less than the parity price for corn, and in making regional adjustments in the sale price of corn or wheat for feed the minimum price need be no higher in any area than the United States average parity price for corn; fifth, sale of commodities which have substantially deteriorated in quality; and, sixth, sales of perishable fruits and vegetables if there is danger of deterioration or accumulation of stocks. Section 2 of the bill would amend the last-named exception so that it would apply to any nonbasic perishable commodity where there is danger of loss or waste through spoilage. It would reenact the other exceptions and would add one new exception for sales made for the purpose of establishing claims against persons who have committed a fraud, misrepresentation, or other wrongful act with respect to the commodity.

Section 2 of the bill would also reenact the requirement that in determining the parity price of $\frac{3}{8}$ -inch Middling cotton, at the average location, Commodity Credit Corporation shall use the same method for the purposes of this section as it now uses for the purpose of fixing the base loan rate for such cotton.

Section 2 of the bill would make the prohibition against the sale of farm commodities at less than the parity or comparable price effective until at least 2 years after the end of the war. Heretofore, the prohibition has appeared in the annual appropriation acts for the Department of Agriculture, and for that reason had to be reenacted each year.

I believe that the provisions of section 381 (c) of the A. A. A. Act of 1938 should be suspended only for the period ending 2 years after the war, and, while I believe it was intended that this amendment should so provide, I am not entirely satisfied with the wording. However, since the comparable provision of the Senate bill only suspends section 381 (c) for this period, I think that suitable clarifying language can be worked out in conference.

Section 1 increases the borrowing authority of the Corporation from three billion to five billion dollars. This agency at present has outstanding approximately \$700,000,000 in loans. In addition, it has an inventory of approximately \$1,500,000,000. This gives total assets of approximately \$2,200,000,000. Total losses as of December 31, 1944, were approximately \$838,000,000, all of which resulted from operations for wartime purposes and were fully justified as costs of the war. Why not increase the borrowing capacity? The Corporation today has 1945 production commitments of over \$2,000,000,000 to produce food to feed the armed forces and the civilians of this country. This commitment may be increased by another billion dollars after VE-day, which appears to be fast approaching.

If this war ends within the next few months we may be without lend-lease to sell to, we will be without a large part of the Army to sell to, we will be without a large part of the Navy to sell to; in other words, much of the market for farm commodities will be gone. It simply means that additional funds will be needed to fulfill our commitments to support farm prices for this year's crops. Farmers have already made their crop plans for this year, and in many instances have planted their crops. It will be too late in the middle of the crop season to change farm production plans.

If the Congress refuses to make this \$2,000,000,000 of borrowing power available it will fail to fulfill its contract with the farmers of the country. The result can only be chaos and bankruptcy among American farmers. Does any Member here want to see the farmers back in the condition of 1932?

[Mr. BUFFETT addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

RUMORS AGAINST COMMODITY CREDIT CORPORATION

Mr. PATMAN. The distinguished gentleman from New York [Mr. TABER] referred to certain rumors as a scandal equal to Teapot Dome. I am very sorry indeed it was even referred to as a scandal, because nothing has been disclosed here so far to indicate a scandal. What I mean is anything that would indicate that the head of this great Corporation has been responsible for any kind of mismanagement, carelessness, graft, or corruption. As long as the head of the concern is not even charged, I do not think it even approaches any charge of being as great as Teapot Dome or any other scandal.

HON. MARVIN JONES

I do not believe any Member of this House doubts the honesty and integrity of the Honorable Marvin Jones, who is now a United States district judge, and who has agreed, by reason of the war effort, without any pay or compensation whatever except his salary as judge, to serve in the fine capacity that he is now serving as War Food Administrator. Judge Jones does not have to take on this thankless job, but he is the right one to take it on. No man in America is better qualified for the particular job than the Honorable Marvin Jones. He served in this body something like 22 or 24 years. For 12 years he was chairman of that great Committee on Agriculture, the committee that wrote so many of the laws that are proving so beneficial and helpful to the farmers of this Nation today. We have no finer, or greater, or better American citizen in our country than Marvin Jones. I do not believe anyone questions him in the least. If anything wrong has been done, Marvin Jones will discover it and it will be corrected and the wrongdoer will be discharged. We have that assurance. We know it is true. There will not be a scandal insofar as Marvin Jones is concerned. The best evidence we have that this Corporation will continue to function in the fine and efficient manner it has functioned in the past, is because we have a man like Judge Marvin Jones at the head of it.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PACE. Of course, the gentleman will want to call attention to the fact that associated with Judge Jones, as president of the Corporation, is the equally distinguished and dependable former Member of this House, Mr. Frank Hancock.

Mr. PATMAN. That is exactly right. Everyone trusts Frank Hancock, too.

Now, we had a similar situation about this spoilage and charges of waste and corruption in France recently. It was discovered recently that many of our own soldiers in France were guilty, not only of carelessness and corruption, but downright dishonesty. They were guilty of bribery. They were guilty of stealing. They were guilty of everything wrong in the handling of property. It would

be just as reasonable to say that because of those charges—and they have been proven to be true—we should absolutely discontinue sending food supplies to France for our soldiers because we found evidence of graft and corruption. Even if some of these charges should have been proven to be true, it would be no reason on earth why we should stop this great program that is in the interest of the consumers of America to keep down inflation, and also in the interest of the farmers, with whom we have a positive contract to give them certain prices, which we cannot do unless we pass this act.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COOLEY. Does not the gentleman believe that Judge Marvin Jones, or Hon. Frank Hancock, both former Members of this House, would immediately dismiss any employee proven to be faithless to his trust?

Mr. PATMAN. Certainly. There is no doubt about that.

Mr. COOLEY. And has not this debate already indicated that such actions have been taken and that personnel has been terminated already?

Mr. PATMAN. I have heard that discussed here. I know nothing about the charges.

Mr. COOLEY. The gentleman from Georgia [Mr. TARVER], made the statement that some faithless employees with criminal records had been discharged. If that is true, it seems to me it clearly indicates that Marvin Jones and Frank Hancock have the situation well in hand, and that they will rid their organizations of all such people.

Mr. PATMAN. There is no doubt in my mind about it and I would be willing to pledge my reputation that it will be handled in a way that will be satisfactory to all concerned; and there will be no charges of dishonesty, or graft, or carelessness that can consistently and reasonably be pointed to insofar as Marvin Jones and Frank Hancock are concerned.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I trust the gentleman does not misinterpret anything I may have said this morning or anything that has been said by the distinguished gentleman from New York as being an indictment of either Judge Jones or Mr. Hancock. But I believe the gentleman will understand that while we have implicit confidence in these two men who head up the War Food Administration and the Commodity Credit Corporation, that these organizations are so vast in their operations and character that it cannot be expected that either one of those individuals can have complete knowledge of all transactions and everything that takes place.

Mr. PATMAN. My time is very limited—I am sorry.

Mr. KEEFE. Does not the gentleman believe that the Congress itself ought to take a greater interest in the affairs and the operations of the Commodity Credit Corporation?

Mr. PATMAN. I think the Congress has. We have not extended the Corporation for longer than 2 years at a time. We have it constantly under our control. We can call the officials before our committee at any time and ask them any question we desire.

It is not possible for Congress to execute laws; it was never intended that a legislative body should execute laws. It is necessary that we delegate power to the right kind of officials; and no one should want a better official to whom to delegate power than the Honorable Marvin Jones. We cannot pass on these egg cases, the lard cases, the subsidy cases; it is impossible for us to go into all those details; that is a matter of the execution of the laws, the administration of the laws. We can only pass the laws, give power to people to carry them out, and then hold them responsible in the event they do not.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. MICHENER. Much has been said here today that might indicate that there is something wrong. I believe all of us know Marvin Jones, and we know Frank Hancock; we have respect for them. This whole thing can be cleared up by Marvin Jones and Frank Hancock if they will send in a statement to the gentleman who now has the floor, or someone else, tomorrow telling the country the truth about this thing.

Mr. PATMAN. The truth about what? Who is making any charge? Who will say that Marvin Jones is guilty of anything? Who will say that Frank Hancock is guilty of anything? No one has made any charge.

Mr. MICHENER. I do not know where the gentleman has been.

Mr. PATMAN. We have heard a lot of hearsay. Shall we stop the war to run down hearsay?

Mr. MICHENER. If the gentleman does not want to yield, that is up to him; but I do want to say that if I were in their position, in view of the rumors the newspapers have been carrying and the statements that have been made on the floor of the House, I would make a statement to clear the situation.

Mr. PATMAN. The gentleman can rest assured that Marvin Jones and Frank Hancock will do what is right and honorable in the premises. If the gentleman had been here and heard what the gentleman from Georgia [Mr. TARVER] said a while ago, he would be convinced that any rumors, whether true or false, were receiving the attention of his committee, and certainly a report will be made at the right time.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. TABER. Does not the gentleman believe it is the duty of the Congress to call attention to those things that are going on that do not seem to be right?

Mr. PATMAN. Certainly. If the gentleman—

Mr. TABER. Then it becomes the duty of the Administrator to clear the air.

Mr. PATMAN. It certainly is our duty to point out mistakes and to demand that they be quickly corrected.

Mr. TABER. And to demand that we find out the truth.

Mr. PATMAN. We should be careful about making loose charges against such fine people when we do not have the positive proof to support them.

Mr. TABER. No one here has made loose charges. Certainly I have not.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. PATMAN. Mr. Chairman, this whole support program is wrapped up in this particular bill. A vote against this bill or a vote to recommit it is a vote against the interest of the farmers of this country. You cannot escape that. A vote against this bill or a vote to recommit it is a vote against the price-control and stabilization program. We might just as well recognize that fact. A vote to recommit this bill or a vote against it is a vote for inflation and against proper control. We might just as well admit that.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Carolina.

Mr. COOLEY. Is it not likewise a vote against the consumers of the country?

Mr. PATMAN. Yes.

Mr. COOLEY. This money is for consumer subsidies.

Mr. PATMAN. Yes. The consumers will suffer.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Is it not also a vote to break faith and the pledge made by this Congress to support war-food prices to the farmers?

Mr. PATMAN. Absolutely. We must have food. Next to air food is the most important. Every one of our 12,000,000 fighting men need 4,500 calories of food every day, which is almost twice as much as the average civilian consumes. This means about 66,000,000 tons of food of the finest and best quality must be produced in order to furnish these soldiers food every day. They are all over the world and we must make it possible for that food to be produced. The farmers are working under the greatest handicaps that they have ever worked under. They have had a shortage of manpower, they have had a shortage of machinery, they have had all kinds of misfortunes overtake them; yet they have produced more food than they ever produced before. Why? Because they have the support of this wonderful program.

Mr. Chairman, if we attempt to stop this program we are stopping the production of needed food for our 12,000,000 servicemen. Not only do we not get the food for them, but our civilians at home must have food and it must be equally and fairly distributed among them. After our boys in the armed forces are furnished food and our civilians at home, let us hope there will be some food available for our allies, because, as I pointed

out yesterday, every time we are able to save some food, pay for it, and send it to China and a Chinaman uses some of that food to go out and kill a Jap, there is one less Jap to kill an American soldier. When we furnish food and send it to Russia, and a Russian goes out and kills a German, there is one less German to kill an American soldier. So every day we produce more food and we furnish that food to our servicemen and to our civilians at home and send it to our allies abroad, we are making it possible for more of our fine, brave fighting men to return to America and safely occupy the vacant chairs that they left here from 1 to 3 years ago.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Missouri.

Mr. ZIMMERMAN. When we consider the fact this is March and that planting time is on in many sections of our country and that farmers are starting farming operations, what effect does the gentleman think the recommitment of this bill would have on the farmers of the country if we send it back for further study?

Mr. PATMAN. It would have a disastrous effect and a vote like that could not be considered in any other way than a vote for inflation, a vote to violate and break a promise we have made to the farmers of this country, and a vote against the consumers.

Mr. ZIMMERMAN. Would we not be just as well justified in voting to withhold funds for the war effort that is being carried on as to withhold our effort to support agriculture?

Mr. PATMAN. Food is just as important as bullets. You might just as well vote against sending bullets to the front-line trenches as to vote against this bill. It is just as important.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. MURRAY].

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Chairman, the Commodity Credit Corporation has made a contribution to the war food program. Its value to the food program could have been improved if we had had less sectional favoritism. I have said it before, and I wish to repeat it now, that I think the Banking and Currency Committee has presented legislation which has had more to do with giving us somewhere near the abundant supply of food needed during this war-time period than any piece of legislation by any other committee of the House. I refer at this time particularly to the support of the nonbasic commodities. We know that there were plenty of stock piles of the basic commodities.

The Commodity Credit Corporation set up 90 percent of parity floor for the nonbasic commodities that the Secretary of Agriculture asked to be increased. This act did more to increase food production than any other legislative act. The weather, the patriotic and natural desire

to produce, and a return that would enable the farmer to produce, were, I realize, the most important factors. However, the 90 percent parity floor gave the producer the assurance he would not ruin his business by producing to a maximum.

The Secretary of Agriculture can, however, upon public notice, discontinue support of any of these nonbasic commodities. That power has since been delegated to the War Food Administrator. The basic commodities have the loan provisions to protect them.

Many mistakes have probably been made, and I imagine each and every one of us here would have made some mistakes if we had been in charge of the program. However, there are two points in connection with the Commodity Credit Corporation which I think should be analyzed. From the time that I have known him, I think I have had as high a personal regard for Marvin Jones as any Member of this House. But I do not care who he is, I do not think we should continue to give such great powers to any one man. If we do, I think we are giving away the powers that we are supposed to have ourselves.

Last year we passed the Disney amendment, whereby the Congress told the President of the United States, "Now, Mr. President, nobody has ever given you any authority to tell the people of this country whether they will receive a \$25,000 a year maximum salary or whether they will not." But today we are really giving one man the power to control the incomes of millions of farmers, and we are giving one man pretty much control over the grocery bill of every citizen in the land. I believe the Congress should hesitate to place all of the power involved in the C. C. C. in running a three or four or five billion dollar corporation in the hands of one individual. Did you ever hear of such a corporation? Did you ever hear of a \$5,000,000,000 corporation where one man who was president, vice president, and the board of directors, and was running the whole show? This situation should be corrected by legislative action as soon as the war is over.

The second point is: If the C. C. C. by the use of its own funds or as custodian of other funds spends public funds for export subsidies or dumping on foreign markets, we are going to be called to account. There will be repercussions.

The following is the antidumping legislation on our own statutes, and we should not allow the C. C. C. to use any funds for dumping on foreign markets:

DUMPING INVESTIGATION

Section 160. Investigations by Secretary of the Treasury; notice to Secretary by appraisers as to sales price of imported articles; withholding appraisement:

(a) Whenever the Secretary of the Treasury (hereinafter called the "Secretary"), after such investigation as he deems necessary, finds that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of a class or kind of foreign merchandise, and that merchandise of such class or kind is being sold or is likely to be sold in the United States or elsewhere at less than its fair value, then he shall make such finding public to the

extent he deems necessary, together with a description of the class or kind of merchandise to which it applies in such detail as may be necessary for the guidance of the appraising officers.

(b) Whenever, in the case of any imported merchandise of a class or kind as to which the Secretary has not so made public a finding, the appraiser or person acting as appraiser has reason to believe or suspect, from the invoice or other papers or from information presented to him, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the cost of production) he shall forthwith, under regulations prescribed by the Secretary, notify the Secretary of such fact and withhold his appraisal report to the collector as to such merchandise until the further order of the Secretary, or until the Secretary has made public a finding as provided in subdivision (a) in regard to such merchandise. (May 27, 1921, ch. 14, sec. 201, 42 Stat. 11; June 17, 1930, ch. 497, title IV, sec. 651 (d), 46 Stat. 762.)

HISTORICAL NOTE

Sections 160 to 173 of this title consist of title II of act May 27, 1921, ch. 14, 42 Stat. 11, entitled "An act imposing temporary duties upon certain agricultural products to meet present emergencies, and to provide revenue; to regulate commerce with foreign countries; to prevent dumping of foreign merchandise on the markets of the United States; to regulate the value of foreign money; and for other purposes," and sections 406 and 407 of title IV of said act, entitled "General provisions."

This section and sections 161 to 171 are expressly excepted from repeal or amendment by the Tariff Act of 1930 (act June 17, 1930, c. 497, 46 Stat. 763 in effect June 18, 1930) which provides in section 651 (d) as follows: "Nothing in this act shall be construed to amend or repeal any of the following provisions of law: * * * (5) the Antidumping Act, 1921."

(Source: United States Code Annotated, title 19, Customs Duties, pp. 88-89.)

Third. If we provide additional funds to a Federal agency to conduct an increased business, will this not reduce private business by just that much?

If the Government is going to expand and do more business, we should not be telling little business what we are doing for them. We could more properly tell them what this administration is doing to them.

We should pass the bill. We should hold the capital down as much as possible. We should provide the funds to furnish the food for the war. We should protect the guaranties of 90-percent parity floor to producers. And we should continue the life of the C. C. C. for 1 year instead of 2 for many reasons.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS. Mr. Chairman, to me it is unthinkable that the House will consider for a moment recommitting this bill or equivocating at all in the continuation of this important agency's activity. I fear in the discussion we have had over details not related to the purpose of this bill we may lose sight of some tremendously significant things that have taken place in the work of this great agency. What are the significant things? First, we have had a food-production program geared to an established agency that had made a remarkable record before the war began, a record that the farmers of this country believe in.

I have a telegram from Edward A. O'Neal, president of the American Farm Bureau Federation, that I think well expresses the views of the farmers:

We strongly favor immediate enactment of H. R. 2023 continuing Commodity Credit Corporation and providing increased funds. We also favor proposed changes in Taft amendment to provide more funds for dairy program. Vitally important to act now so farmers can make their plans. This agency is keystone of entire agricultural program and farmers everywhere are for it.

So this ought to be approached without any partisanship at all. It ought to be approached with the one thought of protecting our farmers.

The Congress is perfectly familiar with the reasons for the success of the Commodity Credit Corporation. As Judge Marvin Jones has emphasized time and time again and as every farmer knows to be a fact, it is not the speculative price that encourages the farmer to produce, it is not a high price, even; it is the assurance of a stable price, the assurance that he will get a price that is above his cost of production.

While there are many problems left for the farmer, the Congress will face them. We have, for example, the cotton problem that the gentleman from Georgia [Mr. PACE] has been prominent in exploring. We have many another problem that prevents and delays balancing the farmer's interest against the non-farm interests of this country, economically.

Let me direct the attention of the House, however, to the progress that has already been made by this agency. As the previous speaker said, food is fundamental. General Marshall himself would have something to say about this if he thought the program were endangered. One of the first things he said to the country as he unfolded the program of the War Department was that food is the first munition of war. It had been said by others before him, and if we lose sight of it we will be betraying our country's best interests in the present crisis.

I had an opportunity last summer to observe something of the growth of the prestige of this country in other parts of the world. For 30 days I was with other Members in England, and we heard a good many references to America's part in feeding not only our armies, but the civilian populations of our allies. I know the people of Britain are grateful for what we are doing in food production. I heard it not only from officials and in the scheduled speeches, but I heard it in the conversations with people who have had food to eat that they would not have had except for the Commodity Credit Corporation. I heard them speak with warm gratitude of the people of America, and they were speaking of our farmers. I think one of the last things I heard in Britain, and I have had it clearly in my mind for a long time and have passed it on to my farmers, is what a leading farmer in Britain said: "Tell your farmers that when they have been inconvenienced, and I know they have been, when they have sacrificed, and they have made great sacrifices, the people of Great Britain are aware of them and are grateful to them."

We must not let the world down in this situation, because our interests are tied up with the interests of the populations of the Old World who must depend to some extent upon the food we send them.

The remarkable thing about it is that it has not been at great cost to the people of America. This is a truly amazing record. Actually the average man has had 7 percent more food in the war period than he had in the 5-year period that preceded it. That is a tribute to the farmers of America, that they have turned in this monumental record of food production, and it is a tribute to the Congress that we provided these legislative devices that enabled them to go out and produce food in a way that has impressed the world.

I have tried to speak in this connection of the significance from the human standpoint and not just the American standpoint, if we want America's prestige in the world to be preserved. I think one of the most stirring things I ever saw in any legislative assembly was in the Arkansas Legislature, and it had to do with another State, the great State of South Dakota.

In the farm depression that preceded the general depression, my State one year was almost prostrate. There was a widespread drought and the threat of real hunger. The people of South Dakota were among those who came to our relief. They sent a trainload of food. Later on, we sent to South Dakota in a drought year a consignment of food for their people and feed for their animals. A representative of that State came to Arkansas to express officially the thanks of South Dakota to the people of my State for that help. So there were tears that day because the speaker's presence and words involved something basic in human life. It was a very real experience for the peoples of two American States. We have seen the same thing take place on a larger scale. America, out of its benevolence and out of its great productiveness, has gone to the relief of other people, and that is tremendously important from the standpoint of our relationships with the rest of the world and in the solution of many problems that press upon us.

In that connection, as I speak of America's bounty, I would like to be clearly understood. I do not think that what we have done has been accepted by the people of Great Britain without commensurate sacrifices on their part. One thing that interested me in England was to see land once used for parks and playground purposes now sown to vegetables. The people of Great Britain have also done a good job for themselves.

For example, before the war Britain produced only 30 percent of the food which her people consumed. There are 50,000,000 people on that compact little island. Thirty percent of the food they consumed was grown by themselves, but today, because of what we have done in sending certain supplies and the exceptional efforts that their own people have made, they are producing about 70 percent of all the food they consume. A share of the remaining portion which they import is provided by America, but the share which we provide represents a

much smaller percentage of our total food production. Now, it is an interesting fact that we have made provision in this monumental way not only for the feeding of our Army in an acceptable way—and there has been praise everywhere for it—but that we have been able to do that and at the same time eat well ourselves on the whole. Of course, we have been deprived of some of our luxury items. Of course, we have not been able to get a T-bone steak every time we would like to have one, but, on the whole, the people of America have eaten well in this period. It is explained partly by these facts to which I have referred: The application of the farmer to a strenuous program and the determination on his part to cooperate and share in the sacrifices which are necessary for the winning of the war. Therefore, we should not let down at this stage of the game.

The remarkable increase in food production and in farm income has not been accompanied by an undue increase in farm prices because income is often largely determined by factors other than price. So, while prices have remained stable, or rather approximately stable, income has gone up, and the production has gone up very impressively. One of the most interesting charts presented to us in the hearings on this measure in the Committee on Banking and Currency was presented by Judge Jones in pointing out that in World War No. 1 there was scarcely any increase in total food production in this country, and yet there was a terrific increase in prices. On the other hand, in this war, there is a tremendous increase in production, but a stable price, showing that the sort of planning that has gone on by those to whom we have committed this governmental function in the Commodity Credit Corporation, is sound and that it can bear good results. I plead with the House to promptly act upon this measure which we know means much for the welfare of the American farmer.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, I had not intended taking the floor to say anything on this bill until the question of milk subsidies came before the committee this afternoon. The milk producers of my State have consistently been opposed to the payment of subsidies. They have always taken the position that all they wanted was a fair and decent price for what they produced, in the open market place, without being dependent upon a paternalistic Government for a contribution from the Federal Treasury. On that foundation of freedom for the citizen, America has grown great and strong.

Now, under war conditions we have a Price Control Administration in effect, and ceiling prices have been placed upon a great many commodities and essentials for human life. Among those is milk. The ceiling price that has been placed on milk by the Price Administration is not sufficient for the farmer or the milk producer to receive an adequate return on

his work, his labor, his investment, without the payment of subsidies in addition thereto.

This afternoon I asked a rather pertinent question. Why are not the milk producers of the Nation, and the farmers as well, for everything they produce, permitted to have in the open market place, a fair return for what they produce? That question has not been answered. If the payment of subsidies on milk and food is essential in a limited amount, then why not pay subsidies for the whole gamut of articles produced, necessary to sustain life? That would mean socialism, complete and over-all. If it is such a wonderful thing to have subsidies on some things in certain percentages, why not go all the way and pay subsidies on everything, and forget a free, republican system of government in the United States? We all know that is the collectivist idea but that is what we are leading to. That is the reason we had a bill before us yesterday, or part of the reason, to increase the debt limit of the United States from \$260,000,000,000 to \$300,000,000,000.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the distinguished gentleman, a member of the committee.

Mr. BUFFETT. I would like to make this observation that if the price of milk per quart had been raised in proportion as the price of cotton has been raised since 1939—namely, from 9 cents a pound to the present price of 20 cents a pound—no farmer in the country would ask one nickel from the Government.

Mr. DONDERO. The gentleman is correct. The farmers do not want to become dependent upon Federal hand-outs, because that is what subsidies are. It makes them dependent upon a paternalistic Government, restricts their liberty, and regiments them to the whims of government.

Now, some discussion has arisen in regard to a telegram we received. I am sure other members of the Michigan delegation have received the same telegram, including my able friend from Adrian, Mich. [Mr. MICHENER]. I brought that telegram to the floor, and I propose to read it. I still insist that the milk producers of Michigan are protesting and are against the payment of milk subsidies in the sum of \$568,000,000.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. DONDERO. I have voted against consumer subsidies in the past. I realize that the farmers of the country have no alternative. They must either accept these subsidies, under the price ceilings that have been fixed, or go out of business. We must have the production of food. The milk producers and farmers are helpless, and I shall not desert them. Reluctantly, of course, I am going to vote for this bill.

Here is the telegram, showing the position of the milk producers of Michigan.

The telegram reads as follows:

DETROIT, MICH., March 6, 1945.

Hon. GEORGE A. DONDERO,
Washington, D. C.:

The administration and Congress apparently have adopted the policy of partially paying dairy farmers for a portion of their returns in the form of subsidy instead of from prices in the market place, this in spite of all protests made by dairy farmers. The War Food Administration apparently plans to arbitrarily reduce the amount to be paid next year as compared to the amount received last year. Cost of production has not changed, and reductions in price, together with selective-service policies, will tend to reduce production. It appears that it will take \$568,000,000 from July 1, 1945, to June 30, 1946. Inasmuch as it is necessary for producers to accept subsidy payments as partial remuneration for production of milk, we especially urge your support of this appropriation.

MICHIGAN MILK PRODUCERS ASSOCIATION,
H. F. SIMMONS, Secretary-Manager.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I believe that when the bill comes up for consideration under the 5-minute rule Monday an effort will be made to straighten out the question of subsidy. It is pretty difficult at this time to understand, for instance, why the subsidy should have been 40 percent greater in 1944 than it was in 1945. The question of subsidy was settled long ago. The question now is one of production. You have to have the subsidy to get the production as long as the price is fixed, and the gentleman is willing to subscribe to that program.

Mr. DONDERO. Yes; as long as we have a policy that fixes prices upon farm products under which they cannot produce such products and stay in business without accepting a subsidy, there is no other choice.

Mr. MURRAY of Wisconsin. Some dairy products receive two subsidies in devious ways, but even with the two subsidies those same farmers do not get any more than a fair price for their milk; so it is a very complicated policy.

Mr. DONDERO. The gentleman comes from the greatest dairy-producing State in the Union, and I am sure he is in the same position I am in regard to these subsidy payments. He is one of the ablest and best-informed Members in this House on farm problems. His people do not want subsidies if they can have a fair price in the market place.

Mr. MURRAY of Wisconsin. Surely the gentleman will admit that I have taken the floor frequently but the gentleman never has heard me say we would not produce because the price was not right. We have tried to iron out the differences and do the best we could under the policy. We have produced, and no one can say we have complained because we were not getting enough because we realize that even if milking cows might not be the most pleasant work in the world, it was still far more pleasant than being out in the battlefield and being shot at as some of our boys are. We are doing our very best to boost up dairy production and will do all we can to maintain it.

Mr. DONDERO. I am not saying the farmers will not produce more; they are

working all the time to produce more. They are just as loyal as any other group in this country; but they object to becoming dependent upon a paternalistic government.

Mr. MURRAY of Wisconsin. They would rather have a fair price than subsidies.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. MICHENER. Just one question with reference to the interpretation of the telegram. I interpreted the telegram from the Michigan Milk Producers Association as a protest against subsidy, but they told us to please vote for subsidies. Does the gentleman interpret it any differently than I do?

Mr. DONDERO. I do not believe it says "please."

Mr. MICHENER. No; they say, "Do it."

Mr. DONDERO. They simply say that they urge us to support the appropriation, that they need it because they are helpless. They are in a position where they cannot do anything else.

Mr. MICHENER. But the controversy today arose over the fact that the gentleman in mentioning the telegram in the first instance did not mention the latter part of the telegram but said he had a telegram protesting. I had the same kind of telegram protesting and then asking for it.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

[Mr. MONRONEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, I agree thoroughly with what has been stated with reference to the importance of this legislation and the importance that it be done now, that it be not played with with any thought of considering the recommittal of the bill or any disposition to postpone action on the part of the Congress on any pretense whatsoever.

I am placed in a position I never expected to occupy in all my life, that, in view of some statements that have been made on the floor of the House today indirectly impugning the honesty and integrity of Judge Jones and, since Frank Hancock is now president of the Commodity Credit Corporation, having some left-handed significance as to his newly attained position, I would have to defend either one of these gentlemen against an accusation that, without explanation, some might think could reach to the very reputation and character of Judge Jones and Frank Hancock, if not that, then to negligence on the part of one or both, that should be used or might be employed to sabotage the farmers of this country.

I know the reputation of Judge Marvin Jones for honesty, integrity, truth,

and ability. He stands high. I know the reputation and the character of Frank Hancock, who was Congressman from my own district preceding the time my brother and I became Members of this body. I know that in every respect both his reputation and his character are beyond question.

Along about the 1st of January of this year for the first time the Food Distribution Service was transferred to the Commodity Credit Corporation. About that time Mr. Hancock was made President of the Commodity Credit Corporation. It is intimated that sometime, probably prior to either one of these occurrences, someone was unfaithful to the trust reposed in him, but there is no accusation against the head of any of these institutions and none against any employee that would begin to compare with or justify a comparison with Teapot Dome or the scandals that occurred back there.

Somebody has picked something out from some place, and that the handling of such charges in this manner becomes an offense in the view of the chairman of the appropriations subcommittee for agricultural purposes, because in his opinion, seemingly, as expressed here, it was a breach of faith on somebody's part to do that. But to undertake to use it as a pretext for the recommittal or postponement of this important bill, intended to produce food and things that are necessary for the Army and the Navy and the civilian population of this country, is not at all to be commended in the good opinion of any man.

Why was it brought in at this time? This is not a competent forum to carry on an investigation against somebody in some department that may have been guilty of bad faith or dishonesty. The chairman talked and spoke to you about a possible or probable investigation, but, being himself circumscribed and limited by observance of the honor of secrecy which his position imposed, was not able to tell you that that committee is making whatever investigation may be necessary.

I do not think a great deal of the attempt to use any of these circumstances, whatever they may be, as a means or method to destroy the producing farmer of this country. You are not striking at me. I am not a farmer. So far as the political significance of it is concerned, I am willing to accept it as a challenge in the next election. Representations have been made to the farmers of this country that they may depend on the action of this Congress. Contracts must be made at a definite time before the crops are planted, which we are begging them to produce in great volume. The time is approaching when the planting following this contract must be made. Yet, in the face of that, there is an apparent undertaking to make it all ineffective regardless of its effect upon the farmers and regardless of its influence upon the war, and regardless of anything. I do not believe that the rank and file, the great majority of the men who sit on either side of the aisle, will lend themselves to such an undertaking. I hope not. The Commodity Credit Corporation was incorporated as an instrumentality of the Government itself. All

of us know that. In the sense and for the purposes which it was designed to serve, it is a corporation belonging to the people of the United States, conveniently used as an instrumentality to lift wheat out of the 30-cents-a-bushel bracket and corn at 25 cents and the other products that had fallen to such disastrous levels; and to give the farmers of this country an honest and square deal. They have gotten it. Now, this is used as a means of support to bring about production of food for war purposes. I do not want to be the man who has any part in postponing it or stopping it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. THOM].

Mr. THOM. Mr. Chairman, farmers have quite frequently said to me that subsidies are a new and novel thing; that they are the invention of the Roosevelt administration. Today I heard some Republican Members of Congress say that farm subsidies are socialistic; that they tend to paternalism and collectivism. I want to refer to a bit of history because history completely upsets some of these charges or statements.

Farm subsidies are not a new thing. In 1890, and previous thereto, we had a protective tariff on sugar. Therefore, in the famous McKinley tariff bill, sponsored by William McKinley, there was a provision written, not in wartime but in peacetime, that sugar planters should receive a direct bounty of 2 cents a pound. This was in lieu of a tariff rate which was dropped. That bounty was paid, and therefore the idea of bounties, as far as I can learn, originated with the Republican Party.

Now, they say that subsidies lead to regimentation and to making the citizen the slave of the State. I happened to be reading the debate on the McKinley tariff bill the other night and I just want to repeat what a Member of Congress from Texas said about the bounty on sugar, enacted by the McKinley tariff bill. What Mr. Abbott, a Texas Democrat, said sounds like just what was said today by the critics of subsidies on the other side of the aisle now. He said:

Mr. ABBOTT. Before the producer of sugar can get the benefit of the 2 cents per pound bounty for which this bill provides he must make application to the Commissioner of Internal Revenue for a license or permission to raise sugar, and he must accompany his application with a statement of the place where he proposes to make it, a description of the machinery he proposes to use, and an estimate of the amount he proposes to produce, and he must further accompany his application for a license with a bond and good security conditioned that he will faithfully obey all the rules and regulations prescribed by the Commissioner of Internal Revenue for the manufacture and production of sugar.

The provisions of this schedule necessarily imply that the Internal Revenue Department of the Government is practically to take charge of this great agricultural industry, appoint overseers, inspectors, and so forth, how many the Lord only knows, and to make the citizens the slaves of the Government, and compel giving of bond to do whatever the Commissioner prescribes, under penalty

that the favor of the Government will be withdrawn if he is disobedient.

Thus the freedom of the citizen is destroyed; no longer can he do with his own as he will; his knowledge and skill derived from experience are no longer of value to him, but he must obey the dictates of someone who probably never saw a stalk of sugarcane grow.

So I submit that bounties have been used as a device by the Democratic and Republican Parties both. Therefore, our friends on the other side ought to concede that this is Republican policy as well as Democratic policy.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. THOM] has expired.

(Mr. DONDERO asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I have no other requests for time. The Clerk may read.

The Clerk read as follows:

Be it enacted, etc., That section 4 of the act approved March 8, 1938 (52 Stat. 108), as amended, is amended by striking out "\$3,000,000,000" and inserting in lieu thereof "\$5,000,000,000."

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H. R. 2023) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, had come to no resolution thereon.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that I may address the House for 20 minutes on Tuesday next after the legislative business of the day and other special orders.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

RE-REFERENCE OF BILLS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency be discharged from consideration of the bill (H. R. 2410) to continue existing gold-reserve ratios required to be maintained against Federal Reserve notes in actual circulation and Federal Reserve bank deposits by increasing the monetary value of gold, and the bill (H. R. 2343) to continue existing gold-reserve ratios required to be maintained against Federal Reserve notes in actual circulation and Federal Reserve bank deposits by increasing the monetary value of gold, and that these bills may be referred to the Committee on Coinage, Weights, and Measures, the referral to the Committee on Banking and Currency having been in error.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

ADJOURNMENT OVER AND PROGRAM FOR THE WEEK OF MARCH 12

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the majority leader tell us the program for next week?

Mr. McCORMACK. I shall be pleased to.

Monday is District Day. The Committee on the District of Columbia has two bills for consideration: H. R. 2506, to amend an act regulating the height of buildings in the District of Columbia, approved June 1, 1910, as amended; and H. R. 2552, to amend paragraph (c) of section 6 of the District of Columbia Traffic Act, as amended by act approved February 27, 1931. That will be followed by continued consideration of the Commodity Credit bill under the 5-minute rule.

Tuesday: It is the intention to meet at 11 o'clock on Tuesday. I have conferred with the gentleman from Massachusetts. We will take up the lend-lease bill on Tuesday, and it is possible that the bill will be disposed of that day. If it is not finished that day, and it appears that it will take too much time on Wednesday, it will be displaced, and the State, Justice, and Commerce appropriation bill will be taken up. State, Justice, and Commerce, I understand, will probably take Wednesday and Thursday. Thereafter, if the lend-lease bill has not previously been disposed of, it will be the continuing order of business.

House Resolution 62, authorizing the Committee on Public Buildings and Grounds to continue investigation of the progress of the defense housing program, will be called up for consideration sometime during next week. I cannot tell at what time that will be called up, but when there is a break in the legislative program—possibly on Monday before the consideration of the lend-lease bill. We hope to call it up before the latter part of the week, but it will be called up sometime during the week.

The SPEAKER. The gentleman from Massachusetts asked unanimous consent that when the House adjourns today it adjourn to meet on Monday next. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made this afternoon and include therein two excerpts from statutes of the United States Government.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Wisconsin [Mr. KEEFE] may revise and extend his remarks and include some statistical tables.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE HONORABLE SOL BLOOM

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. If there is no objection on the part of other Members who have special orders, the gentleman may proceed for 5 minutes.

Is there objection?

There was no objection.

Mr. JARMAN. Mr. Speaker, today marks the seventy-fifth anniversary of the birth of a very distinguished and lovable Member of this House the gentleman from New York [Mr. Bloom], chairman of the Committee on Foreign Affairs, who has served 22 years-plus in this body, nearly one-third of his life. More than one-fourth of that time has been served as chairman of the Committee on Foreign Affairs during one of the most crucial and difficult periods in the history of this country, and may I indulge the hope that when our history concludes, this may still be true. That is, that this period may remain one of our country's most crucial and difficult ones.

He has presided over the functioning of that important committee with dignity, with fairness, with courtesy, with great ability, and with success. No member of the committee, even he who has most frequently found himself in disagreement with Chairman Bloom, can or would wish to say that he has not always been afforded an opportunity to present his views, to subpoena the witnesses he wished, to question them as long as he desired, or that he has not been treated fairly and courteously in all respects. In fact, he is, when at the head of that committee table, the same jovial, lovable, big-hearted Sol Bloom, who is known, respected, and loved throughout the world.

His life, though only comparatively long, has been very definitely useful, full, and successful. Bearing in mind that Mr. Heurich died day before yesterday at the age of 102, I indulge the hope that the gentleman from New York [Mr. Bloom] may celebrate many, many more anniversaries of his birth. It is also my wish that on each of those occasions he will still be a Member of this body to which he is so thoroughly devoted, as we all are, and toward the functioning of which throughout the years he has made so many great contributions.

I would indulge still another hope which I am afraid some of my colleagues on the left side of the aisle may not agree with, although I am very positive that everyone on both side thoroughly agrees with what I have thus far said. The hope of which I am somewhat doubtful of unanimous agreement is that in the dim, distant future, when the gentleman from New York passes on to his well-earned rest and reward, his passing may create a vacancy in the chairmanship of the Foreign Affairs Committee of the House. We can scarcely expect our Republican friends to agree with the hope for such lengthy Democratic control.

PERMISSION TO ADDRESS THE HOUSE

Mr. HAYS. Mr. Speaker, I ask unanimous consent that at the conclusion of any special orders heretofore entered for

today I may address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

HOUR OF MEETING ON NEXT TUESDAY

Mr. McCORMACK. Mr. Speaker, I had intended asking unanimous consent to meet on Tuesday next at 11 o'clock. Has my friend the gentleman from Massachusetts any objection to my submitting that request at this time?

Mr. MARTIN of Massachusetts. I have no objection. We want to get the work finished before the Easter vacation.

Mr. PATMAN. Mr. Speaker, if the gentleman will yield, we are having hearings by our committee on the Bretton Woods agreement. That will not prevent our committee, I presume, from continuing on until 12 o'clock?

Mr. McCORMACK. No; and the gentleman can get permission to sit during general debate. General debate will be on Tuesday. I refer to the lend-lease bill.

Mr. PATMAN. I shall notify the chairman of the committee, the gentleman from Kentucky [Mr. SPENCE].

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday next it adjourn to meet at 11 o'clock on the following day.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under previous special order of the House, the gentleman from Montana [Mr. MANSFIELD] is recognized for 25 minutes.

Mr. MANSFIELD of Montana. Mr. Speaker, with Lt. Gen. Albert C. Wedemeyer, Ambassador Patrick Hurley, and Admirals Nimitz and Halsey in Washington, we may be certain that the main topic in their conversations is Japan, and the reason for their being here, at this time, is how best to defeat our enemy as quickly and as completely as possible. They know full well just what they are up against in the Pacific and Asia, but I am afraid we at home do not, even yet, realize what is in store for us out there; what sacrifices it is going to take and what the cost is going to be.

At this moment we have in excess of 1,000,000 German prisoners in Allied hands. Compare that figure with the total of less than 5,000 Japanese prisoners we have taken in over 3 years of war and you will begin to get some idea as to the difference between the war in the west and the war in the east. On Iwo Jima the Secretary of the Navy has reported in excess of 12,500 Japanese dead behind the American lines and the news reports state that considerably less than 100 Japanese have been captured. These comparisons, these figures, should awaken us to the difficulties and the dangers which lie ahead in our conflict with the Japanese Empire.

JAPAN AND RUSSIA

The war in the Pacific is just as important and more significant than the

war in Europe. As Americans we must face this fact, understand our limitations and possibilities, and gage the present and future as best we can. We can no longer ignore the greatest of the world's five oceans nor can we fail to understand and evaluate the nations living along its rim.

In this war the factor of distance is of great importance. The Pacific has an area of approximately 68,000,000 square miles. Fronting on this mighty mass of water are the British Dominions of Canada, Australia, and New Zealand; 11 American republics, excluding the United States; China, the Philippines, Dutch East Indies, New Guinea, Hawaii, the Solomons, and tens of thousands of other islands whose existence we are just now beginning to realize. In the far north the United States and the Soviet Union are the closest of neighbors, being separated from each other by a distance of 65 miles across the Bering Strait and by only 1½ miles between Little Diomed Island, owned by the United States, and Big Diomed Island, owned by the U. S. S. R. In this same general area we find that Attu, our easternmost island in the Aleutian chain, is only 250 miles southeast of the Soviet's submarine base in the Komandorskie Islands and 696 miles from Japan's advanced naval base at Paramushiro Island.

It is easy to see that the Pacific not only has size to commend it but interest as well. Wealth, trade routes, and future well-being are tied up with this area, and before we are out of this war we are, as a matter of national policy and survival, going to know it and know it well.

Our main object in the Pacific is to defeat Japan. In the course of these remarks I would like to discuss some of the phases of that country's importance to us and at the same time throw some pertinent light on Russia, our greatest potential ally in that area.

Since 1853, Japan has made tremendous strides to achieve the position of a great power among the nations of the earth. Before that time she was virtually unknown due to her 200-year policy of seclusion and exclusion during which time only a limited trade was carried on with China, Korea, and Holland by the Shogunate which then ruled Japan. One Dutch ship a year was allowed into Nagasaki and the Dutch maintained what could be called a resident consular merchant at Deshima in that harbor. The Dutch were always kept under close supervision and their every movement was watched by guards of the Shogun. On rare occasions, however, they were allowed to travel to Yedo or, as it was later known, Tokyo, the capital, and there as well as at Deshima, they acquainted the Japanese with developments in western medicine, armament, botany, and other fields. At one time during the Napoleonic wars when Holland had been occupied by the French Emperor and its overseas possessions taken over by the British, the only place in the world where the Dutch flag was allowed to fly was at Deshima.

With the opening of Japan in 1853 by Commodore Perry the country was thrown open to the commerce of the

world. Incidentally, one of the main reasons for Perry's visit was to compel the Japanese to give humane treatment to American sailors shipwrecked in Japan and taken captive by the Japanese. Hence, their treatment of Americans today is nothing new but the continuation of a practice which has been temporarily dormant. Extraterritoriality or the dispensing of justice by foreigners to their nationals was allowed in Japan until 1894 when the Aoki-Kimberly Agreement between Japan and England was effected. Shortly after this time all other nations followed suit and gave up their special rights. During the period from 1853 onward, the Japanese made great strides and literally jumped the transition period between their medieval and modern eras. They thirsted for knowledge of all kinds, imported technicians and experts, and sent their sons abroad to the colleges of Europe and America. They bought warships from the British and hired Englishmen to train their seamen; they engaged French Army officers to train their soldiers and, after the defeat of France in the Franco-Prussian War, they replaced them with German officers. Since that time the Japanese Army has been Prussian in its training and the Navy has been inspired to a great degree by British methods. It must be stated, though, that as soon as the Japanese felt that they had mastered the practices of the West they dismissed their foreign instructors, substituted their own men and began to build their navy and armaments in their own shipyards and factories. They clung to what they had learned, kept up with new practices, and added Japanese innovations. Today, as we all know, Japan has a highly trained, well-equipped and finely staffed army and navy which ranks with the best in the world. The lessons of Tarawa, the Solomons, and Iwo Jima will not be soon forgotten by us.

In the matter of education the Japanese were strongly influenced by the United States. The father of the Empire's education system was David Murray, an American school teacher, who laid the foundation for a system of training which has made Japan one of the most, if not the most literate nations in the world today.

While all these changes were taking place in the army, the navy, and education a significant change was working in the matter of government. The Shogun—great barbarian-subduing general—was displaced in 1867 and the Emperor, for hundreds of years only a figurehead, restored to real power. The Meiji era, so-called after the reign name of Mutsuhito, was one of great advancement. Meiji, as he was commonly referred to, had the abilities of a remarkable person at his disposal in Count Hirobumi Ito who studied the constitutions of America and Europe, decided the Prussian Constitution of Bismarck's was the best, and came home and modeled one on that basis and put it into effect. Under this constitution all power was derived from the Emperor and graciously granted to the people. If anyone saw fit to disagree with this assumption, as did Professor Minobe in 1935, when he advanced the theory that the Emperor was

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(Issued March 13, 1945, for actions of Monday, March 12, 1945)

(For staff of the Department only)

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SENATE

1. INDEPENDENT OFFICES APPROPRIATION BILL, 1946. Began debate on this bill, H.R. 1984, and acted on committee amendments (pp. 2034, 2035-6, 2066-72). Agreed to all committee amendments except those passed over including those for the Federal Power Commission (p. 2068), Federal Works Agency, public works advance planning (pp. 2068-70), Federal Public Housing Authority (p. 2071), and the general provision prohibiting use of any of these funds to pay the salary of any person filling a position formerly held by a man now in the armed services who has been honorably discharged and has within 40 days thereafter made application for restoration to his former position and has not been restored thereto (p. 2072). For provisions of interest see Digests 21, 24, and 45a.
 Sen. McKellar, Tenn., discussed the committee amendment with regard to the provision for assistance to States^{and} for Federal activities looking toward planning a post-war public works program (pp. 2068-70).
2. WAR DEPARTMENT CIVIL APPROPRIATION BILL, 1946. Passed as reported this bill, H.R. 2126 (pp. 2034, 2054-6). As passed the bill provides \$24,172,000 for flood control, general, and restricts the use of flood control funds by this Department.
3. REGULATORY FUNCTIONS. Judiciary Committee reported without amendment S. Res.98, providing for the continuation of the study of Executive branch authority for the issuance of executive orders and departmental regulations (S.Rept. 90). Referred to the Audit-Control Committee. (pp. 2034-5)
4. RURAL ELECTRIFICATION; NOMINATION. Agriculture and Forestry Committee reported adversely the nomination of Aubrey W. Williams to be REAdministrator (p.2054).
5. MISSOURI VALLEY AUTHORITY. Sen. Murray, Mont., urged that the Commerce Committee be discharged from further consideration of S. 555, his MVA bill, and that the bill be referred to the Senate Agriculture and Forestry Committee; and he made

a motion for that purpose (pp. 2044-8). Sen. Bailey, N.C., spoke opposing the motion and other members discussed this with him (pp. 2050-4). Action on Sen. Murray's motion was not concluded because the "morning hour...expired," and so "The resolution goes to the calendar"(p. 2054).

6. LATIN AMERICA. Sen. Connally, Tex., discussed the "results of the inter-American conference at Mexico City," and other members discussed this with him (pp.2057-66).

7. BUREAUCRACY; PERSONNEL. Sen. Wiley, Wis., urged reduction of the number of Federal personnel, stated that "the annual pay-roll cost of the estimated 300,000 Federal workers who are holding surplus and artificial jobs is \$700,000,000. This...would pay the annual interest rate...of our national debt...rather than go down the bureaucratic drain"; and inserted his press statement on this subject (p.2030).

Both Houses

8. RURAL REHABILITATION. Received the War Food Administrator's report with respect to the progress of the liquidation of Federal rural rehabilitation projects. To Appropriations Committee. (p. 2106.)

9. FORESTRY. Received ^{an} Greg. Legislature resolution urging additional appropriation of \$50,000 for the Pacific Northwest Forest and Range Experiment Station for the establishment of a Forest Utilization Service unit. To the Appropriations Committee. (p. 2033.)

Received a Wyo. Legislature resolution opposing the Jackson Hole National Monument and urging restoration to Wyo. of full title to all public lands. To Public Lands and Surveys Committee. (p. 2033.)

10. RECLAMATION; IRRIGATION. Received Wyo. Legislature resolutions urging that all presently proposed Federal irrigation projects in Wyo. be continued in all stages under the direct supervision of the Bureau of Reclamation and favoring the removal of excess land provisions of the reclamation act for lands receiving water supplies therefrom. To Irrigation and Reclamation Committee. (p. 2107)

11. FARM LABOR. Rep. Halleck, Ind., urged early consideration of H. Con. Res. 29, the Lemke farm-labor deferment resolution (p. 2078).

12. MANPOWER. Rep. Patrick, Ga., urged favorable House action on the Senate version of H. R. 1752, the manpower bill (p. 2078).

13. PERSONNEL. Received a petition of a S. Dak. citizen urging reduction of Federal personnel by one-third and Federal compensation by 35% (p. 2107).

Rep. Gibson, Ga., criticized the FEPC (pp. 2104-5).

14. COMMITTEE ASSIGNMENT. Rep. Miller, Calif., was elected to the Irrigation and Reclamation Committee. (p. 2076).

15. LEND-LEASE. Rep. Bloom, N. Y., inserted a committee-approved amendment to H. R. 2013, extending the Lend-Lease Act for 1 year, to restrict the President's powers to enter into agreements with foreign governments for post-war relief, rehabilitation, or reconstruction (p. 2074).

Rules Committee submitted a resolution for the consideration of H. R. 2013 (pp. 2104, 2106).

16. COMMODITY CREDIT. Passed with amendment S. 298, to continue CCC as a U.S. agency, increase its borrowing power, revise the basis for annual appraisal of its assets, etc. (pp. 2079-2103). Agreed to Rep. Spence's (Ky.) amendment to substitute the language of H.R. 2023, which had been passed, 358-8, earlier. Agreed to an amendment by Rep. Wolcott, Mich., making inapplicable to

CCC, for the fiscal year 1946, the prohibition in the Stabilization Extension Act against subsidies, etc., but limiting CCC subsidies as follows: Permits payments (1) to complete operations for 1944 and prior-year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and in amounts not over \$568,000,000 during the last half of 1945 for the dairy production payment program, \$120,000,000 during that period for other noncrop programs, and \$225,000,000 for the 1945 crop programs. Permits the interchange of funds for the above operations up to 10% but prohibits the total subsidy payments and losses absorbed under any one of the operations to be increased by more than 10%. Provides that the rate of payment per pound of butterfat delivered under the dairy production payment program beginning April 1945, shall not be less than 25% of the national weighted average rate of payment per 100 pounds of whole milk delivered (p. 2097) after rejecting Rep. Keefe's (Wis.) amendments to this amendment, to provide for schedules of milk and butterfat subsidy payments on a uniform basis which will remain in effect for at least 12 months and, to provide that any schedule of milk or butterfat subsidy payments shall be in effect for at least 12 months, and Rep. Voorhis' (Calif.) amendment, to provide monthly subsidy payments to milk producers under the dairy payment program (p. 2101).

Rejected the following amendments:

By Rep. Wolcott, 125-154, as amended, to increase the borrowing power of CCC by \$1,500,000,000 (p. 2094).

By Rep. Wolcott, 101-119, to continue CCC as a Government agency from June 30, 1945, until June 30, 1948 (pp. 2101-2).

During the debate on this bill, Rep. Crawford, Mich., while discussing CCC operations, stated, "You will probably find that the dirty work--and I allege there has been dirty work--took place before either one of them [Judge Jones or Mr. Hancock] joined the corporation" (p. 2085). Rep. Hall, N.Y., criticized the proposed reduction in milk subsidy payments after April 1, 1945 (p. 2096).

BILLS INTRODUCED

8. SELECTIVE SERVICE. S. J. Res. 45, by Sen. Thomas, Utah, extending the effective period of the Selective Training and Service Act of 1940. To Military Affairs Committee. (p. 2035.)
9. MARKETING. S. Res. 96, by Sen. Wherry, Nebr., to provide for a special committee to investigate: (1) The conditions prevailing in the production, processing, and marketing of agricultural commodities; (2) The effects of regulations, orders, and directives issued by governmental agencies; (3) Adverse effects upon meat supplies of maladjustments in maximum prices established on different grades of meat; (4) The practices of purchasers of livestock for slaughter; (6) Reasons for the failures to support prices to farmers as required by existing law; and (7) Procedures followed by the OPA, WFA, and the Director of Economic Stabilization in the issuance of regulations, etc., relating to maximum prices, rationing, production, processing, and marketing of agricultural commodities. To Banking and Currency Committee. (p. 2036.)
0. RESEARCH. H. R. 2588, by Rep. Mott, Oreg., to provide for the establishment of a bee-culture laboratory at Corvallis, Oreg. To Agriculture Committee. (p. 2107.)
1. PERSONNEL. H. R. 2590, by Rep. Traynor, Del., to provide for the bonding of Federal officials and employees. To Expenditures in the Executive Departments Committee. (p. 2107.)
2. SUBSIDIES. H. R. 2591, by Rep. White, Idaho, to permit the continuation of certain subsidy payments and certain purchase and sale operations by RFC corporations. To Banking and Currency Committee. (p. 2107.)

23. G.C.C. H. Res. 180, by Rep. Crawford, Mich., to authorize the House Committee on Banking and Currency to investigate CCC. To Rules Committee. (p. 2107.)
24. VETERANS. S. 721, H. R. 2580, H. R. 2581, and H. R. 2583.

ITEMS IN APPENDIX

25. **COMMODITY CREDIT.** Speech in the House by Rep. Buffett, Nebr., questioning the existence or formulation of a plan insuring that CCC's inventory of basic commodities, such as wool and cotton, will not continue to increase with the appropriation of additional funds, and including War Food Administrator Jones' letter in reply to this question (pp. A1216-8).
26. **BANKING AND CURRENCY; LEND-LEASE.** Rep. Woodruff, Mich., inserted G. R. Brown's article on the recent lend-lease agreement with France, the Bretton Woods agreement, H. R. 2013, to extend the Lend-Lease Act (p. A1214).
Extension of remarks of Rep. Grant, Ind., discussing the increasing debt limit, the Bretton Woods agreement, and the lend-lease program (pp. A1231-2).
27. **BANKING AND CURRENCY.** Speech in the House by Rep. Plumley, Vt., discussing arguments both for and against the Bretton Woods agreement as evidenced by communications received and indicating his inclination to favor the agreement (pp. A1215-6).
Extension of remarks of Rep. Reed, N. Y., including an American Scholar article, "The Coming Economic World Pattern," discussing the Bretton Woods agreement and opposition to it by the people in general (pp. A1233-5).
Rep. Outland, Calif., inserted Washington Daily News and Washington Star articles criticizing banking interests' criticism of the Bretton Woods agreements (pp. A1235-7).
Rep. Buffett, Nebr., inserted his radio address opposing the Bretton Woods agreement (pp. A1239-40).
28. **PRICE CONTROL.** Rep. Smith, Va., inserted Administrator Bowles' open letter to Congress explaining OPA's policy with respect to the inclusion of industrial representatives to price-setting meetings (p. A1232).
29. **INFORMATION.** Rep. Miller, Nebr., inserted a Stuart (Nebr.) Advocate editorial relative to the danger in Government propaganda "when untruths, half truths, and personal opinion are published as facts" (p. A1241).
30. **ARKANSAS RIVER VALLEY.** Rep. Cravens, Ark., inserted an Ark. Legislature resolution making recommendations dealing with the policy to be followed in the development of the Arkansas River Valley (p. A1242).
Rep. Stigler, Okla., inserted an Arkansas River Valley Authority Association of Okla. resolution petitioning Congress to create an Arkansas Valley Authority (pp. A1244-5).
31. **ADMINISTRATIVE LAW.** Extension of remarks of Rep. Voorhis, Calif., including the minority report of the Smith Committee to Investigate Executive Agencies, indicating the need for separate consideration of each agency in setting up administrative procedure and inserting a Calif. Judicial Council report agreeing with the minority view (p. A1244).

COMMITTEE-HEARING ANNOUNCEMENTS for Mar. 13: H. Agriculture, farm credit; H. Post-War, Ruml on post-war problems; H. Investigating Executive Agencies, textile orders; Byrd Committee, manpower utilization and Federal employment; S. Banking and Currency, OPA and Stabilization Act extension; S. Appropriations, deficiency bill (ex.); Joint Committee on Organization of Congress.

Federal Works Agency made available \$1,820,000. The university contributed the difference, about \$600,000 for the site and part of the equipment. As the distinguished chairman of the Committee on the District of Columbia stated, this hospital is to be erected adjacent to the university medical school on Reservoir Road.

Mr. RICH. Will the money that the Federal Works Agency grants to this institution be paid back to the Government?

Mr. McCORMACK. No; that is part of the money appropriated under one of the provisions of the Lanham Act, a certain proportion of which has been allocated to the District of Columbia.

They have also made an allocation for a hospital for George Washington University. Georgetown University and George Washington University have both had an allocation, because there is a need for hospitals in the District. And it is connected with the war effort.

Mr. RICH. The only thing I might suggest there, where we are making these allocations, that there is an obligation for the institutions who receive the money to pay it back into the Federal Treasury. Just remember that the Federal Treasury needs all of the funds it can get, and we ought to be careful to put it out only as a gratuity where it is going to do the Nation as a whole some good.

Mr. McCORMACK. I can assure the gentleman that the allocations of these funds have a national interest, and a very important local interest.

Mr. RICH. May I call to the attention of the majority leader that in all the things we do from this time on, just bear in mind that the Treasury is empty, and wherever we can get some money from our people to put back into the Treasury, certainly it ought to be a great incentive for the people back home, because it will lighten their tax burdens in the future. We must stop these gratuities from the Federal Government.

Mr. McCORMACK. No one can take issue with that observation.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the distinguished minority leader.

Mr. MARTIN of Massachusetts. May I inquire of the distinguished chairman of the committee if this legislation is at all in conflict with the bill for further hospitalization introduced by Senator TYDINGS, of Maryland?

Mr. RANDOLPH. No; it is not. Senator TYDINGS, of Maryland, has a proposal for additional hospital facilities. It has nothing to do with the measure under consideration.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That an act entitled "An act to regulate the height of buildings in the District of Columbia," approved June 1, 1910, as amended, be, and it is hereby, further amended by adding at the end of section 5 of said act the following proviso: "And further provided, That the building to be

erected by the Georgetown University for a hospital as a part of the Georgetown University Medical School on parcels 28/31, 28/36, and 28/37 located on the south side of Reservoir Road NW., in the District of Columbia, approximately opposite Thirty-ninth Street, plans for which building are on file in the office of the Inspector of Buildings of the District of Columbia, be permitted to be erected to a height of not to exceed 110 feet above the finished grade of the land, as shown on said plans, at the middle of the front of the building."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING DISTRICT OF COLUMBIA TRAFFIC ACT

Mr. RANDOLPH. Mr. Speaker, I call up the bill (H. R. 2552) to amend paragraph (c) of section 6 of the District of Columbia Traffic Act, as amended by the act approved February 27, 1931, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain what is accomplished by this legislation?

Mr. RANDOLPH. The inquiry of the distinguished minority leader on this legislation, I think, is most appropriate for the reason that it concerns each and every Member of the House of Representatives. You will realize that we have given to us, each Congress, a tag issued by the District of Columbia especially for the use of Members of Congress and certain other officials attached to the personnel on Capitol Hill. It has been found that there has been an abuse of the use of these tags during the years, and we are attempting to correct it by this legislation. In other words, when Congress expires at the end of 2 years, certain individuals have continued to carry that tag upon their automobile. In many instances it is reported by the Metropolitan Police that the tags apparently have been taken from a congressional car and placed upon the car of some individual who perhaps never was a Member of the Congress. We believe that the time has come when these tags should be valid only for the 2 years that a Congress is in session, and under this legislation we would make it unlawful for these tags to be used on automobiles in the District of Columbia for more than 30 days after the conclusion of the Congress.

Mr. RICH. Mr. Speaker, reserving the right to object, supposing a car formerly belonging to a Member of Congress gets into the hands of somebody else and he continues to keep that tag on his car. If this legislation passes, will there be a penalty?

Mr. RANDOLPH. Yes; there is a penalty of \$300 or imprisonment for 90 days. We do believe that a condition exists which should be stamped out. I think there are persons who are abusing this privilege, and that is the reaction of law-enforcement officials in the District of Columbia.

Mr. RICH. I quite agree with the mayor of the city.

Mr. PACE. Reserving the right to object, Mr. Speaker, I have never found any advantage or benefit from having these tags. Of what benefit are they to the Members of Congress?

Mr. RANDOLPH. I think that would be a matter for debate, perhaps, although I can say that the reason the District of Columbia issued the tags in the first instance and has continued the practice is that if a Member leaves his office on Capitol Hill to go downtown to visit a department, his car may be parked overtime, perhaps, or even in a spot that might not be used by the ordinary vehicle. In other words, this was done as a convenience for the Members of Congress as they do business with the departments downtown. Whether or not this privilege has been abused is a question certainly open to interpretation by the gentleman and others.

Mr. PACE. Is the advantage the gentleman has described the only advantage of the tag?

Mr. RANDOLPH. I know of no advantage other than the one to which the gentleman has called my attention; that is that Congressmen who are here on official business are given certain privileges to which others are not entitled.

Mr. PACE. Does the gentleman think that is sufficient to justify the expense and the trouble of issuing the tags and passing special legislation?

Mr. RANDOLPH. I am not sure. The legislation became law before I was a Member of Congress. I have not checked into the advisability of repealing the law. I am now simply trying to correct the abuse that has developed, by bringing this bill to the floor.

Mr. MURPHY. If the gentleman will yield, there are scores of places throughout the city where special parking privileges are available to the holders of these tags, and it is an advantage to a Congressman who runs his personal errands in going to these departments.

Mr. RANDOLPH. I tried to state that I thought it was in the dispatch of official business that a Member might find the greatest value in the use of such a tag. Certainly it would be of no value in the Member's district.

Mr. PACE. It never has been to me.

Mr. RANDOLPH. I think the gentleman might have much to endorse his thought.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the proviso of paragraph (c), section 6, of the District of Columbia Traffic Acts, as amended by the act approved February 27, 1931, be, and the same is hereby, further amended by adding thereto the following: "Provided further, That such congressional tags shall be valid only for the Congress in which such tags are so issued, and it shall be unlawful to display such congressional tags for a period longer than 30 days after the opening of the next Congress."

"At the expiration of the said 30-day period it shall be unlawful to display such tags and the Commissioners shall be authority and empowered to order removal of any such tags from any motor vehicle so displayed."

"Any person violating this section shall be fined not more than \$300 or imprisoned not more than 90 days, or both."

Mr. RANDOLPH. Mr. Speaker, on page 2, line 3, a mistake has been made by the printer. The word "authority" should be "authorized." I ask unanimous consent that this correction be made.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. GRANGER asked and was given permission to revise and extend his remarks.

Mr. DOYLE asked and was given permission to extend his remarks in the RECORD and include an editorial from the Long Beach Pacific News.

MANPOWER DRAFT BILL

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. PATRICK. Mr. Speaker, the Senate has turned out an amended version of the manpower draft bill that will, in my opinion, do all we have to have done at this time and will not offend or fill with apprehension the laboring people of the Nation.

I hope the House will see its way clear to join with the Senate and pass the Senate version of the bill. That is my voice and will be my vote.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. HALLECK. Reserving the right to object, Mr. Speaker, may I say to the majority leader that some of us, and very likely the majority leader himself, are tremendously interested in the Lemke resolution (H. Con. Res. 29) that was reported from the Committee on Rules some days ago. It has not been considered in the House. More than 7 days have elapsed since the granting of the rule by the Committee on Rules. I take it that any one of us on the Committee on Rules could call it up. However, I dislike very much to do that. I would much rather cooperate with the majority leader and the majority leadership in carrying on the program of the House.

I am wondering what assurance we might have as to the calling up of that resolution?

Mr. McCORMACK. Does the gentleman desire to have it called up?

Mr. HALLECK. Yes; I do. I think it is a matter of extreme consequence and importance.

Mr. McCORMACK. I appreciate the gentleman taking it up in the way he has. Several legislative days have transpired. I assure the gentleman if it is possible to get it up this week, it will be called up. If not, it will definitely be on the program for the early part of next week. I will do everything I can. If there is a break in the legislative program this week, it will be called up.

Mr. HALLECK. I am very hopeful that it can be called up this week. I understand we have quite a full program on matters that are of consequence. I would like to suggest, for myself, I think the matter covered by the Lemke resolution is of tremendous consequence to the country.

Mr. McCORMACK. I assure the gentleman if it is possible, it will be called up this week. But, in any event, it will definitely be called up in the early part of next week. May I state I am not referring to next week to create the impression that my statement is a coverall not to bring it up this week if it is possible to do so.

Mr. HALLECK. I appreciate the sincerity of the majority leader. I know if it can be done, he will follow it up this week.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the distinguished Chairman of the Committee on Rules.

Mr. SABATH. May I inform the gentleman from Indiana that it is not necessary to have it called up on Calendar Wednesday and that it can be called up at any time.

Mr. McCORMACK. The gentleman from Indiana is not objecting to the request that business in order on Calendar Wednesday be dispensed with.

Mr. HALLECK. That is not my purpose. I am not going to object to the passing over of Calendar Wednesday. I hope that the request of the gentleman from Massachusetts can be granted.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, may I say to the majority leader, several of us intended to speak several times and somewhat at length. If we forego that privilege, will it help to get it up this week?

Mr. McCORMACK. No doubt, it would. Foregoing any such privilege by any Member will be of material assistance in bringing about the strong probability that it might come up this week.

Mr. HOFFMAN. Can the gentleman increase the probabilities even?

Mr. McCORMACK. I said strong probability. I will do all I can to bring it up this week. The gentleman from Indiana [Mr. HALLECK] has very kindly given the gentleman from Massachusetts notice, and that is all the gentleman from Massachusetts needs from any Member of the House when they are exercising their rights.

Mr. REED of New York. Mr. Speaker, reserving the right to object, and I am not going to object, but to show how serious this matter is, I would like to call to the attention of the House that this very morning I had a long-distance call about the case of a boy who had taken

an appeal. He was the only help the farmer had. The farmer has 65 head of cattle and is a large sugar-beet grower. They have taken the boy, and they have turned down his appeal. This thing has been drifting along and drifting along. Something ought to be done, especially now when the situation has become so serious at home that efforts have been made to cut down on exports to save our own people.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CALL OF THE HOUSE

Mr. LANE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 35]

Monroney	Fuller	Monroney
Anderson, Calif.	Gardner	Morgan
Auchincloss	Gearhart	Mott
Baldwin, N. Y.	Gerlach	O'Konski
Bates, Mass.	Goodwin	O'Toole
Bender	Gorski	Pfeifer
Bolton	Gross	Philbin
Boren	Hagen	Powell
Brumbaugh	Hancock	Quinn, N. Y.
Buckley	Hand	Rains
Case, N. J.	Hart	Robertson,
Celler	Heidinger	N. Dak.
Chapman	Herter	Robinson, Utah
Clark	Hobbs	Sheridan
Clason	Holmes, Mass.	Sikes
Coffee	Izac	Simpson, Pa.
Combs	Johnson,	Slaughter
Curley	Lyndon B.	Starkey
Daughton, Va.	Kearney	Stewart
Dawson	Kelley, Pa.	Taylor
Dickstein	Kunkel	Torrens
Dingell	LeCompte	Weiss
Dirksen	Luce	West
Drewry	McGlinchey	Wood
Eaton	McKenzie	Woodrum, Va.
Fellows	Madden	

The SPEAKER. On this roll call, 358 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. SMITH of Virginia asked and was given permission to extend his remarks in the RECORD and include a letter from Chester Bowles addressed to the Members of the House of Representatives.

Mr. D'ALESSANDRO asked and was given permission to extend his remarks in the RECORD and include two articles from the Baltimore Sun.

Mr. WASIELEWSKI asked and was given permission to extend his remarks in the RECORD in two instances and to include in each a newspaper article.

Mr. FORAND asked and was given permission to extend his remarks in the RECORD in two instances and include in each a letter.

Mr. LEFEVRE asked and was given permission to extend his remarks in the RECORD.

COMMODITY CREDIT CORPORATION

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the

Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 2023) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2023, with Mr. THOMASON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Chair desires to state that when the Committee rose last Friday in the consideration of this bill the general debate had closed and the first section of the bill had been read.

Mr. SPENCE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent that the Clerk may read from the Clerk's desk a letter I have received from Judge Marvin Jones in regard to the Commodity Credit Corporation.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the letter as follows:

MARCH 12, 1945.

HON. BRENT SPENCE,

Chairman, Banking and Currency Committee, House of Representatives.

DEAR MR. CHAIRMAN: In response to your inquiry as to statements made on the floor of the House concerning operations of the Commodity Credit Corporation, as soon as these matters were brought to my attention I immediately instituted a thorough investigation into all phases of our operations.

I want to assure you and through you the Members of Congress that we are going to the bottom of these charges, secure the facts, and, if any evidence is found of criminality or improper conduct on the part of any officials or employees, I shall promptly remove them and shall ask that proceedings be instituted to punish them if the facts justify such action.

Frank Hancock, the president of the Corporation, joins me in this assurance.

The War Food Administration purchases and handles an average of more than \$5,000,000 worth of food per day, much of which is of a perishable or semiperishable nature. It deals with more than 1,200 warehouses. It arranges for the transportation of more than 700 cars of these supplies per day. Much of this in wartime must be done hurriedly.

Of course there has been spoilage. There always will be. This is inevitable in the handling of highly perishable foods.

In spite of severe floods on the Ohio River and the worst storm in years throughout the Northeast, our record shows that our losses to date from spoilage have been only a fraction of 1 percent of our total operations. It is less than has occurred in the normal channels of trade.

The great quantities of food that must be made available and the speed with which it must be handled make it impossible to avoid some mistakes as well as losses. In view of the manpower situation it is not always possible to secure the most efficient help or a sufficient number to do the work in the best possible manner in the vast network of activities that are essential to the production, gathering, processing, inspection, packaging, storing, loading, and transporting of this food.

It is significant that not a single battle has had to be postponed because of a lack of

food. At the same time no one has gone hungry in this country.

The Commodity Credit Corporation operations have a vital part in the production and distribution of food for our armed forces, for civilians, and for our fighting allies. It is the means by which the commitments of the Congress to the farmers of America for support prices are carried out in order to secure the essential production. There is no other available way in which these obligations can be fulfilled.

We assure the Congress again that we will bend every effort to avoid losses and to prevent mishandling insofar as it is humanly possible to do so without undue delay in getting this food to shipside and making it available to our own and Allied soldiers at the battle front.

Sincerely yours,

MARVIN JONES.

Mr. SPENCE. Mr. Chairman, I had Judge Jones' letter read because I thought it would be of vital interest to the Members of Congress. I hope we are not going to try this great governmental agency on rumors. Rumors were abhorrent to the people who founded our Government. Before a man can be convicted of crime, it is provided in the Constitution that he must be indicted by a grand jury. He is presumed to be innocent. He must be proven guilty beyond a reasonable doubt. He must have counsel for his defense and he must be tried by a jury of his peers. Not only that, but with respect to the most infamous of all crimes—treason—Congress was afraid that men might be the victims of rumors. After the country had been infiltrated by British spies and foreign sympathizers, they wrote into the Constitution itself a definition of treason, that treason consists of waging war against the United States, adhering to its enemies, and giving them aid and comfort. A man could not be convicted of treason except by the testimony of two witnesses to the same overt act. That is one of the fundamental laws of the United States. We certainly are not going to try this great organization on rumors. If there is any wrongdoing, if there has been any criminality, it will be punished. Let us try this issue on the facts as presented and try it in the light of the great services that the Commodity Credit Corporation has rendered to the people of America.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 1, lines 5 and 6, after the word "thereof" in line 5, strike out the sign and figure "\$5,000,000,000" and insert in lieu thereof the sign and figure "\$4,000,000,000."

Mr. SPENCE. I cannot accept that amendment for the committee. The Commodity Credit Corporation agrees to it. I think it should be adopted. I am sure there will be no objection to it.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. Subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) is amended to read as follows:

"(c) During the continuance of the present war and until the expiration of the

2-year period beginning with the 1st day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, the Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that the foregoing restriction shall not apply to (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oil; (3) sales for export; (4) sales for seed or feed: *Provided*, That no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made: *And provided further*, That in making regional adjustments in the sale price of corn or wheat for feed the minimum price need not be higher in any area than the United States average parity price for corn; (5) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for seven-eighths-inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths-inch Middling cotton at such average location for the purposes of this section."

Mr. SPENCE. Mr. Chairman, I misunderstood the amendment offered by the gentleman from Michigan. I had no right to agree to that amendment. The amendment which I thought the gentleman from Michigan [Mr. WOLCOTT] submitted, and the only one that he ever submitted to me, was an amendment to increase dairy payments to \$568,000,000, and to increase the non-crop program from \$60,000,000 to \$120,000,000. That was a clear misunderstanding on my part.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. WOLCOTT. I can see very plainly where the gentleman might be perfectly correct in misunderstanding the amendment which I had offered. Frankly the gentleman rather surprised me when he said the amendment was acceptable.

Mr. SPENCE. Mr. Chairman, I ask the committee, under the circumstances, to reconsider its action.

Mr. WOLCOTT. There will be no objection on my part.

The CHAIRMAN. Without objection, the action by which the amendment was agreed to will be vacated.

Mr. RICH. Reserving the right to object, I want to ask the gentleman a question.

The CHAIRMAN. The gentleman from Pennsylvania reserves the right to object.

Mr. SPENCE. It was a clear misunderstanding. It seems to me we should deal with the utmost candor and fairness with our colleagues.

Mr. RICH. Will the gentleman yield?

Mr. SPENCE. Yes; I yield.

Mr. RICH. I just want to ask you one question. In permitting this to go from \$4,000,000,000 to \$5,000,000,000 where

will you get the one, two, three, four, or five billion dollars?

Mr. SPENCE. If you will reconsider, we can tell you that.

Mr. RICH. Then, Mr. Chairman, I object.

Mr. SPENCE. The amendment will be debated. I am only asking that it be reconsidered. If the House wants to adopt it, it can do so.

Mr. RICH. Have you any idea where you can get this money?

The CHAIRMAN. Without objection the amendment will again be reported.

Mr. SABATH. Mr. Chairman, reserving the right to object, I desire to ask that I will have an opportunity, if the unanimous-consent request is granted to withdraw the vote, to have an opportunity to make my statement.

The CHAIRMAN. Is there objection?

Mr. RICH. Mr. Chairman, I object—until we can get some information on the subject.

Mr. WOODRUFF of Michigan. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is that the gentleman from Pennsylvania has objected to the consent request of the gentleman from Kentucky.

Mr. SPENCE. Mr. Chairman, I move to reconsider the action of the Committee by which the amendment was agreed to.

The CHAIRMAN. Such a motion is not in order in the Committee of the Whole.

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Inasmuch as business has been transacted since the original request was submitted by the gentleman from Kentucky, would it be in order for me to propound a consent request that the proceedings by which the amendment was adopted be vacated?

The CHAIRMAN. Such a request would be in order, and the Chair recognizes the gentleman for that purpose.

Mr. WOLCOTT. Then, Mr. Chairman, I ask unanimous consent that the proceedings by which the amendment was adopted reducing the amount from \$5,000,000,000 to \$4,000,000,000 be vacated.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. RICH. Reserving the right to object, Mr. Chairman, I asked the gentleman from Kentucky if he had any idea where he could get one billion, two billion, three billion, four billion, or five billion for this purpose. I wish to ask the gentleman from Michigan [Mr. WOLCOTT] if he can give me a reply.

Mr. WOLCOTT. The amendment which I will offer will strike out the \$5,000,000,000 and substitute \$4,000,000,000, which I believe is in keeping with the gentleman's idea and my own idea with respect to their needs.

A billion dollars will be obtained by the sale of debentures and bonds of the Commodity Credit Corporation. They, of course, become contingent liabilities of the Federal Government. I believe in view of the fact that this is almost altogether a total loss, that eventually the

billion dollars will have to be raised by a debt transaction or in the form of an appropriation to restore the capital of the Commodity Credit Corporation. The gentleman from Pennsylvania was a member of the Committee on Appropriations at one time and is conversant with the procedure in that committee. I am sure he will exercise his very best judgment, which is always good, as to whether he will consent that the impairment of the capital of the Commodity Credit Corporation be restored by the Committee on Appropriations when the matter comes to it in a deficiency bill, probably next year.

Mr. RICH. Then we are going to ask the taxpayers of this country to make up this deficit.

Mr. WOLCOTT. Yes.

Mr. RICH. Therefore, Mr. Chairman, I object.

Mr. TABER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of the Wolcott amendment; I should vote for it were it put to a vote. On the other hand, I recognize, and we all must recognize, that under parliamentary procedure, when we get back into the House a separate vote may be had upon this amendment. I should much rather see the amendment stand on the basis of the arguments the gentleman from Michigan [Mr. WOLCOTT] will be able to advance for it on the floor, than to have it stand on the basis of the committee's refusal to reconsider the amendment. That was the reason I did not object to reconsideration. I am sure that is the reason the gentleman from Michigan, [Mr. WOLCOTT] did not object.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. It is very apparent there was an honest mistake made, evident to everyone, and that the gentleman from Kentucky thought he was accepting another amendment which the gentleman from Michigan is going to offer.

Mr. TABER. That is true. Frankly, I believe we have a much better chance of keeping the amendment in the bill by further consideration than to have it held in and the opportunity for consideration refused.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. JENKINS. Is it not true that the method the gentleman is advocating and which the gentleman from Michigan [Mr. WOLCOTT] proposes, is the only honest parliamentary way by which we can correct this mistake?

Mr. TABER. It is the only way in which there will be opportunity for fair consideration.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from North Carolina.

Mr. COOLEY. As I understand the gentleman, under the present parliamentary situation he feels the merits of the amendment cannot be debated on

the floor of the House and we will be forced to vote on the amendment in the House when the Committee rises?

Mr. TABER. Without any fair opportunity for its consideration.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. RICH. Mr. Chairman, I would be the last one here who would try to trick somebody into something that is not honest or honorable. I will not do that. But, as I understand it, the gentleman from Michigan offered an amendment to reduce this from \$5,000,000,000 to \$4,000,000,000 and I thought he did that because of the fact he honestly believed in reducing it from five to four billion dollars. Am I wrong in that contention?

Mr. TABER. The gentleman is correct in that, there is no question about that.

Mr. RICH. Then it seems to me when we make mistakes in the House, the one who makes the mistake is the one who has to suffer. I want to see this reduced if it is possible to reduce it and if we can get enough sound sentiment in the House to cut down the Government expenses and do something that will save this country from bankruptcy, then I will withdraw my objection and give you a chance to do something about this, but I want the Republicans to stand up here and fight and I want the Democrats who believe in sound government to get up and fight and try to save it because if we do not we will be overthrown, and it will not be very long until that happens.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I hope the gentleman from Pennsylvania will realize that in offering the amendment, to begin with, I was most sincere, as I will explain if we have an opportunity to discuss it. It is very obvious an error has been made and I surely do not want to take advantage of any situation which has been developed because of that error in getting an amendment through which might otherwise be adopted after debate on its merits. We have taken our lickings on this floor, and we might take some more lickings, but they have always been fair and above board, they have always been the result of discussions of amendments on their merits and, personally, I would feel much better about it if the amendment was defeated after debate on its merits than I would to have it adopted by default. I surely would not be in position in conference to argue very strongly for an amendment which had been adopted in the House by default or through error.

Mr. Chairman, I now renew my unanimous consent request that the proceedings by which the amount in this bill was reduced from \$5,000,000,000 to \$4,000,000,000 be vacated.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 1, lines 5 and 6, after the word "thereof" in line 5, strike out "\$5,000,000,000" and insert in lieu thereof "\$4,000,000,000."

Mr. WOLCOTT. Mr. Chairman, the Commodity Credit Corporation was organized back in 1933 to do a particular job. At that time farm prices were low. Farmers in very, very few instances were obtaining parity for their commodities, and it was found advisable, if we were going to have food enough to eat and farm income sufficient to create purchasing power by which we might put men back to work in our industries, to give the farmers some assurance of stability in prices.

Personally I believe that throughout the years the Commodity Credit Corporation has in the main justified its existence. The only controversy that there has ever been has been the controversy waged in the last 2 years with respect to the payment of consumers' subsidies by the Commodity Credit Corporation. We felt that nowhere in any law has there been any legal authority for them to pay subsidies to maintain maximum prices; that the purpose of Commodity Credit was to maintain floors under prices or, as we say, support prices. This Corporation has been continued periodically from year to year. There might have been occasions when it was continued for more than a year, but there have been other occasions when it was only continued for 6 months, and seldom, if ever, has it been continued for periods longer than 1 year.

Regardless of whether there have been periods or times when we continued Commodity Credit for more than 1 year, we are confronted with this situation: This House through its committees is looking into the future, planning ways and means of stabilizing our post-war economy. We have no assurance whatsoever that the bill which we are now asked to enact is the answer to economic-stabilization in the field of agriculture.

It seems to me that the only logical thing to do is to review not only this agency but all other agencies at least once a year so that if in 1946 the economic conditions throughout the world have changed, if our position in world affairs is different than it is at the present time, we will then have an opportunity to write new standards by which we may operate throughout the world. It seems to me that we would be making a grave error in continuing the life of the Commodity Credit Corporation for more than 1 year; thus we will be assured that next year we will be able to give them as much money as they need, to give them as much authority as they need to do the job which we intended they should do.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I might say in that connection that I expect to offer an amendment to the last section of the bill with that object in view. Because of that it is necessary only that they have a billion dollars. As a matter of fact, a

billion dollars is perhaps 200,000,000 more than they will need during this period of 1 year.

I now yield to the gentleman from Kansas.

Mr. HOPE. I may say to the gentleman that he has answered the question I intended to ask him. I wanted him to say positively whether the amount which would be available, if his amendment is adopted, would be sufficient to take care of the obligations of the Corporation during the coming fiscal year.

Mr. WOLCOTT. The Commodity Credit Corporation has asked for certain amounts which have been agreed to, which total in the aggregate, after giving them about 100,000,000 to play around on, we will say, about 900,000,000, so they will have at least 200,000,000 more this year than they need.

The other body has cut this amount to \$1,500,000,000 already, and has continued the Corporation for 2 years. So if we want to take a look at this next year and continue it for a year, then \$1,000,000,000 is ample money for them to operate.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. ROBSION of Kentucky. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. ROBSION of Kentucky. The bill as drawn with the \$5,000,000,000 is based upon the idea that it is for a 2-year period.

Mr. WOLCOTT. Yes.

Mr. ROBSION of Kentucky. The gentleman's amendment cuts the increase to \$1,000,000, and a subsequent amendment will make it 1 year; that is, \$1,000,000,000 for this year, and if next year we continue it for another year, then it may be increased \$1,000,000,000 or whatever may be required.

Mr. WOLCOTT. Yes. It was agreed in the other body that the \$2,000,000,000 for the 2 years is \$500,000,000 too much, so we know that by cutting this down to \$1,000,000,000 we are giving them at least \$200,000,000 more than they will need this year.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. As I understand, the gentleman proposes to offer another amendment here fixing the payments that are to go to the producers. I note from that amendment that those payments are only for the year 1946.

Mr. WOLCOTT. That is right.

Mr. AUGUST H. ANDRESEN. So that if this \$1,000,000,000 is cut off, will the remainder, \$4,000,000,000, be sufficient to meet all commitments for the year 1946?

Mr. WOLCOTT. Yes. As a matter of fact, we will have about \$200,000,000 more than we need for that purpose. I may say that the amendment to which the

gentleman refers I included in the RECORD as a part of my remarks. It appears on page 2013 of the CONGRESSIONAL RECORD of March 9, last Friday.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The gentleman understands that the Commodity Credit Corporation now has commitments to the farmers of America for \$2,000,000,000 for the year 1945. These promises are commitments already made. How can they operate with an increase of less than \$2,000,000,000?

Mr. WOLCOTT. The 1945 program is as follows: \$568,000,000 for operation during the fiscal year ending June 30, 1946, with respect to the dairy program; \$120,000,000 for operations during the fiscal year with respect to other noncrop programs; and \$225,000,000 with respect to the 1945 crop-program operations.

The reason they need the additional \$68,000,000 which has been referred to is that they expect to increase their production materially during this year.

The break-down of the figures I have just given is as follows:

The \$120,000,000 is made up of the following items: Cheddar cheese, \$16,000,000; fluid milk, \$12,000,000; shortening payments, \$1,000,000; peanut butter, \$8,500,000; feed wheat, \$50,000,000; and for expanded or other programs, \$32,500,000.

The \$225,000,000 is made up as follows: Fruits for processing, \$26,500,000; vegetables for processing, \$36,200,000; dry edible beans, \$4,800,000; soybeans, \$48,000,000; peanuts, \$7,000,000; sugar, \$54,100,000; and for expanded or other programs, \$48,400,000.

Therefore, we have given them in those programs alone a total of \$80,000,000 for expansion purposes, in addition to what they have asked for. That is their program, and it is about \$200,000,000 less than what we will give them if we give them a billion dollars and cut their program down to 1 year.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BROWN of Georgia. As I understand the figures outlined by the gentleman from Michigan, he expects to put in an amendment that is not in the bill. But he referred to noncrop subsidies.

Mr. WOLCOTT. I referred to crop subsidies. I will explain in detail the \$568,000,000 when I get to it. But, as the gentleman knows, that is almost all for dairy products and the dairy program.

Mr. BROWN of Georgia. The gentleman realizes that the Commodity Credit Corporation is obligated to the farmers for \$2,000,000,000 this year?

Mr. WOLCOTT. Not in addition to the figures I have referred to.

Mr. SPENCE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I wish to congratulate my colleague the gentleman from Michigan on the attitude he has taken. The only amendment that had been submitted to me to be proposed by the gentleman from Michigan [Mr. WOLCOTT]

was agreed to by the Commodity Credit Corporation. I thought that was the amendment, and inadvertently I agreed to it. I have never thought that I had to be so vigilant in dealings with my colleagues to prevent them from taking advantage of inadvertence. And I do not want to take any advantage of any inadvertence on their part. I think there ought to be a high standard of relationship between the Members of Congress. I congratulate the gentleman from Michigan [Mr. Wolcott] on the reconsideration of this amendment.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. WOLCOTT. May I state that the amendment I have just offered was offered in the committee?

Mr. SPENCE. But it was not the amendment which we discussed, and it was not the amendment that I knew as the Wolcott amendment.

Mr. WOLCOTT. That is correct.

Mr. SPENCE. For that reason, I inadvertently agreed to it. I am glad it has been corrected in this manner. The Commodity Credit Corporation is a vast corporation. It has had a wonderful effect upon the prices of agricultural commodities. The other day I made a statement that at the time the Commodity Credit Corporation was organized, wheat was less than 30 cents, corn was 15 cents, cotton and tobacco were about 5 cents. This statement was challenged. I have received a statement from the Commodity Credit Corporation verifying the statement I made, which statement I have been authorized to put in the RECORD. The statement is as follows:

According to reports of the Bureau of Agricultural Economics:

1. The average price of wheat paid to farmers in the State of Kansas fell as low as 27 cents per bushel for the month of December 1932;

2. The average farm price of cotton in the State of Texas fell to as low as 4½ cents per pound in June 1932;

3. The average farm price of corn in the State of Iowa fell to as low as 12 cents per bushel in February 1933; and

4. The average price to farmers for type 23 (fire cured) tobacco for the 1932 crop in Kentucky was 4½ cents per pound.

The Commodity Credit Corporation has had a remarkable effect in obtaining for the farmer a higher price and stabilizing the prices of agricultural commodities. It has taken vast sums of money to do that. Some of these sums necessarily have been expended as subsidies and were a loss. Dairy products have received the greatest proportion of all commodities in subsidies. The Commodity Credit Corporation has written off \$400,000,000. But I understand by next June they will have written off \$1,200,000,000 in losses. They have now invested in commodities \$2,100,000,000. They must be given some leeway in order to continue their operations.

They feel that if you reduce this amount by \$1,000,000,000 it will seriously cramp them in the discharge of their onerous duties. The Commodity Credit Corporation is required to support prices for agricultural commodities before the

planting season. They have done that. We want them to carry out their commitments. We have imposed upon them an additional burden. In the Senate there was a provision that \$250,000,000 should be used for 6 months for the dairy program, and that \$60,000,000 could be used for a noncrop program. That was limited to 6 months. We have made that program mandatory over the year, and we have increased the \$250,000,000 to \$568,000,000, and we have increased the \$60,000,000 to \$120,000,000. Judge Jones has said he will not use any more than is absolutely necessary to carry out the program. There is no reason that should persuade us to do anything that would weaken the Corporation or prevent it from carrying out the program and keeping our promise to the farmers.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. Spence] has expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word.

I am taking this time to ask some questions of the chairman of the Committee on Banking and Currency. I was under the impression that he was going to explain to us about the commitments made by the Commodity Credit Corporation amounting to about \$2,000,000,000; but unfortunately he did not have the time to do so. I would like to have that made clear to the Committee, as to the nature of the commitments and the amount of them. I will be very glad to yield now to the chairman, or any other member of the Committee on Banking and Currency, to tell us as to those commitments.

Mr. SPENCE. I made no such statement. The gentleman from Georgia [Mr. Brown] made that statement.

Mr. BROWN of Georgia. I made that statement.

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. They have made commitments of around \$2,000,000,000. That is contained in the report on page 28. Of that amount, what the gentleman from Michigan [Mr. Wolcott] is talking about amounts to over \$200,000,000, which are direct subsidies, mostly for dairy products. The other is a revolving fund, cotton, wheat, and the regular commodities which we helped prior to the war. Since the war the others have been direct subsidies. The only subsidies we have here will be those contained in the amendment which the gentleman from Michigan [Mr. Wolcott] expects to offer, which is practically the Taft amendment in the Senate bill. That is where he spells out in figures how much you can give as subsidies. The other amount will be just a revolving fund, and perhaps we will get most of it back. Now, suppose the war ends. If the war ends we may not have lend-lease to sell our products to. We will not have as large an Army or as large a Navy to sell products to. It means that we may have some losses, something like \$900,000,000, just because the crops will be dumped on the market. There is no place to sell them; no market in which to sell them. But we have guaranteed

to the farmers "You will get a certain price." For that reason they will need this \$2,000,000,000. The entire list of those commodities is spelled out on page 28 of the hearings. There is nothing covered up about it.

Mr. AUGUST H. ANDRESEN. I did not think there was. I am simply asking for information. It is quite apparent that the Commodity Credit Corporation now has enough money to meet its commitments on subsidies and other payments, and that the additional amount that is asked for here, which is sought to be stricken out by the amendment offered by the gentleman from Michigan [Mr. Wolcott] is to be placed in the revolving fund, rather than to be used in making commitments.

If I have not got it clear I certainly hope that the gentleman from Georgia will make it clear in his time; and if he needs time I think he should take it for this purpose.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a question?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. DONDERO. Did the Commodity Credit Corporation have authority to make commitments up to \$2,000,000,000 before the passage of this legislation under consideration?

Mr. AUGUST H. ANDRESEN. This legislation, as I understand it, covers only commitments for the next fiscal year. If I am in error in that I should like to have somebody point it out to me.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes; I yield.

Mr. HOPE. I call the attention of the gentleman from Georgia to the question I am asking of the gentleman from Minnesota. As I understand, the Senate authorized an increase of a billion and a half to cover a 2-year period. As I understand the amendment offered by the gentleman from Michigan, it authorizes a billion dollars to cover a 1-year period; that is, the gentleman from Michigan later will offer an amendment to limit the extension to 1 year. I wish the gentleman from Georgia would advise us if the \$1,000,000,000 will not be sufficient for 1 year if the billion and a half is considered sufficient for 2 years by the Senate?

Mr. BROWN of Georgia. No. The evidence as to estimated obligations for loans, purchases, and expenditures, November 1, 1944, to December 31, 1945, show it will not. They make a list of all of them.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. BROWN of Georgia. Another thing, if this war ends any time soon, under the estimate these obligations run for 12 months after VE-day and amount to \$900,000,000. If military needs and lend-lease do not take these goods, we will have no market for a great many

farm products, the price of which we are obligated to guarantee to the farmers.

Mr. AUGUST H. ANDRESEN. I understand, though, from the Commodity Credit Corporation that they do have enough funds to meet their commitments up to June 30, 1945. The gentleman is referring to certain contingencies. If those contingencies should arise, that is something we could act on quickly in Congress.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. COOLEY. From what has been said, it seems apparent to me that we have not provided enough funds if the amount carried in the bill is spread over 2 years.

Mr. AUGUST H. ANDRESEN. I am sure none of us here, at least most of us, would not want to hamstring the Commodity Credit Corporation; but I feel that the facts should be brought out here as to whether a reduction in this amount of \$1,000,000,000 for a 1-year period would hamstring it.

Mr. HOPE. Is it the gentleman's idea that the additional money provided in this bill, added to the assets now on hand, will be sufficient to carry them through another year?

Mr. AUGUST H. ANDRESEN. I think it will.

Mr. HOPE. I should like to have the gentleman from Georgia clear that point up, for it seems very important to me.

Mr. AUGUST H. ANDRESEN. The program of the Commodity Credit Corporation is based upon the money they have on hand, and they do not seek to go beyond those commitments in what they are to pay to the farmers. In fact, they are reducing payments in order to stay within the funds; and so I hope that somebody will attempt to make clear at least the actual amount of money that is necessary.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. MICHENER. If the Senate formula as written is adequate and the House only reduces the amount provided in the Senate by \$500,000,000 and provides for just one-half of the time, certainly it would seem to be more than adequate—if the Senate formula be correct.

Mr. BROWN of Georgia. The amount here should, of course, be stepped up \$568,000,000 above the Senate proposal as far as dairying is concerned. And another thing about the Senate proposal with reference to payments to farmers, the first program was for 6 months, up to December 31.

Mr. WOLCOTT rose.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. BROWN of Georgia. Mr. Chairman, I ask unanimous consent that the gentleman from Minnesota may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I must yield first to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. I may say that the \$568,000,000 to which the gentleman has referred will provide \$183,000,000 more for 1945 than was actually spent in 1944, and that contemplates the milk payment of an amount of \$28,900,000. The reason for this \$28,000,000 is that in 1944 many milk producers did not collect the payments to which they were entitled and for which they were eligible. This amounts to about \$5,660,000. So \$28,900,000 is made available in the money the gentleman from Georgia has reference to in the \$568,000,000.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. Here are the total estimated net obligations: November 1, 1944, to December 31, 1945, \$2,178,778,000, and for 12 months after VE-day, \$910,000,000. That is a total of \$3,089,578,000. Less estimated funds available, cash on hand on October 31, 1941, \$21,448,000, available borrowing power October 31, 1941, \$811,365,000. That makes the amount they should have after all these deductions of \$2,000,000,000, and they have estimated that, it is their figure and they have made commitments to that extent.

Mr. AUGUST H. ANDRESEN. The gentleman from Michigan says that cutting off this billion dollars will not make any difference.

Mr. BROWN of Georgia. I do not know who is right.

Mr. AUGUST H. ANDRESEN. I do not know who is right either. We ought to find out who is right.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, as one who represents a district that is distinctly a city district, I have always supported legislation of this sort. I supported the original act and all extensions of the Commodity Credit Corporation. Without regard to the intent of the original act back in the depression days, and the original intent has been preserved for the benefit of the farmers of America, may I say that during the war the operations of the Commodity Credit Corporation have extended themselves into other necessary fields for the best interest of our country and our people. While this bill directly is one that is of vital importance to the 6,000,000 farmers of our country and those connected with the soil, numbering approximately thirty millions of our people, today it is of vital concern to the consumer. I therefore look at this as not essentially a farm measure but, rather, as a farmer-consumer measure, and I go beyond that. It plays an important part in the conduct of our Government so far as the war is concerned. In addition to being a bill that is necessary for the farmer, from the practical angle and taking into consideration the exigencies which exist

today, it is also vitally important and necessary for the consumer and of vital concern to all Americans in connection with the conduct of the war, because, as I see it, this agency plays a very important part in the conduct of this war.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I am glad to hear the gentleman make those remarks as to the importance of this measure to the consumers because, after all, when it comes to dairy products and other subsidized foods, it is a consumer subsidy. The price is being held down to the consumer. If it were not for that fact the consumers would pay about 25 percent more for their dairy products and other foods than they are doing at the present time in this country.

Mr. McCORMACK. I do not take issue with what the gentleman says. As a matter of fact, I completely agree with the gentleman's statement and would say that it is probably more than 25 percent.

Mr. AUGUST H. ANDRESEN. Then, as some would have it, this is not so much a measure to help 6,000,000 farmers as it is a measure to lower the prices for the consumer.

Mr. McCORMACK. I think I have expressed myself. And if it were a farmers measure I would support it. It is far more important than that. It is necessary to the consumers and it is a very important measure as a part of our war effort.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. RICH. What part does it play in the advantages to the American taxpayer?

Mr. McCORMACK. Addressing myself to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT] that amendment is connected up with an amendment that he will later offer, as I understand, to reduce the 2-year period to 1 year. I hope that neither one of these amendments will be adopted, and I have reasons which prompt me to take this position and to vote against both amendments.

As I see it, no one can tell in advance how much money it is going to take to carry out the important activities of this agency even during the next year, let alone the next 2 years. In any event, it is a borrowing power. But beyond that I am for the 2-year extension because Congress has guaranteed support prices to the farmers of America during the war and for a 2-year period thereafter. Congress has made its promise. I voted for it last year as did most of the Members.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. This is a definite promise made to the farmers of America by the Congress of the United States. The support price is 90 percent of parity.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. WOLCOTT. May I say to the gentleman that that was only on basic commodities.

Mr. McCORMACK. That is correct.

Mr. WOLCOTT. The 2-year guaranty on nonbasic commodities depends largely upon whether the policy of the War Food Administration, or whatever other agency is in charge, encourages the production of other crops. But this has no relationship whatsoever to the so-called Steagall amendment, in that we are only setting up a year's program anyway.

Mr. McCORMACK. The gentleman has very ably presented his part of the argument and I am undertaking to give to the House what I consider to be the arguments against the adoption of the gentleman's amendment. Congress has made a promise to support prices for the farmers of America during the war and for 2 years thereafter; a support price of at least 90 percent of parity. Having made that promise, it seems to me that the 2-year extension provided for in this bill should be adopted by the House today.

I agree with the gentleman from Michigan in his statement the other day that the main purpose of the C. C. C. in these days is to assure the maximum amount of production, and in doing that, to obtain for the farmers an adequate price for the products of the farm, thereby guaranteeing maximum production.

We must also keep in mind that we cannot very well appropriate money directly to the farmers. We appropriate money directly to produce and manufacture the weapons of war. The manufacturers and producers of weapons of war get cash but the farmer does not. The situation is such that it is difficult to make direct appropriations, but we have done the next best thing. We have promised the integrity of our Government to the farmers of America for a 90 percent, at least, support price during the war and for 2 years thereafter, and because of that promise I think the 2-year extension recommended in this bill should be adopted by the House.

With all respect to the gentleman from Michigan, appreciating his argument and differing with him as I do but respecting his views, I hope the Committee will reject both of the gentleman's amendments and pass the bill as reported out with the one amendment that has apparently been agreed upon.

Mr. BROWN of Georgia. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am satisfied that everybody on both sides of this aisle is for the Commodity Credit Corporation and wants the Corporation to have sufficient funds to carry out its obligations, though I think there is some misunderstanding.

The gentleman from Michigan [Mr. WOLCOTT] has an amendment which he expects to introduce and I expect to support it. It is practically the same as the Taft amendment in the Senate bill, that spells out just how much money is to go to dairy and other consumer commodities. This is a real gift. We do not expect to get any of this money back. That is what you call a consumer subsidy. You all remember that I helped lead the fight here against consumer subsidies. We lost out by a veto. Then we embarked on this program to get production to feed the armed forces and the civilians of this country. We have made obligations since that time and we cannot turn back. The Corporation needs this much money to carry out the obligations for loans, purchases, and expenditures.

As a matter of fact, the Corporation has made \$23,000,000 on the basic commodities up to this time. On cotton alone it has made \$93,000,000. On some commodities it lost, but on the total it has made \$23,000,000. I do not mean we are going to lose this \$2,000,000,000 by any means. A great part of this \$2,000,000,000 is a revolving fund for making loans on and buying corn, cotton, wheat, and other commodities, and on these particular commodities we do not expect to lose any money.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Kansas.

Mr. HOPE. The table which is shown on page 28 and to which the gentleman referred in the course of his remarks seems to be based upon the situation that existed on October 31, 1944. I notice other in the hearings also seem to be based upon the situation existing at that time. I am wondering if there are any more up-to-date figures than those which are in the hearings.

Mr. BROWN of Georgia. No. This is what the corporation claims it will have to have.

There is some misunderstanding about direct subsidies and the revolving fund in the way of loans on the basic commodities, on which the Government has lost nothing. Therefore, the C. C. C. cannot carry out the commitments and needs of the farmers without this money. It does not mean a loss. We are helping the consumers on the \$900,000,000 that we expect to lose, and the balance is necessary if we carry on and make the loans on the basic commodities on which we have lost nothing. We guarantee the prices of certain food crops. If the crops do not reach those prices, we will make it good, and on many of these crops the corporation has not lost a dime.

If this war ends in the next few days we know that a great many farmers producing food crops will not have any market in which to sell their food. Therefore, there will be some losses on those particular crops. The Corporation estimates that it will have to spend after VE-day something over \$900,000,000 within 12 months from that day, and it should know more about this than any one of us because it has given careful study to this phase of the operations.

Mr. HOPE. On October 31, 1944, which seems to be the date, by these figures, the Corporation had available, I notice, a buying power of \$811,000,000, there was listed an appropriation pending of \$256,000,000 and there was cash on hand of \$21,448,000, or a total of \$1,089,578,000. I assume that most of those funds are still on hand. Does not the gentleman think, if we limit the expense to 1 year and take that sum of more than \$1,000,000,000 and add another billion dollars to it, it will be sufficient to enable the Corporation to carry on its operations for the 1-year period?

Mr. BROWN of Georgia. It might be if it were not for the estimated net additional obligations for 12 months' period after VE-day.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BROWN of Georgia. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BROWN of Georgia. The gentleman is right. The total estimated obligations from November 1, 1944, to December 1, 1945, are \$2,000,000,000. The estimated net additional obligations for 12 months' period after VE-day is \$910,000,000. That makes \$2,910,000,000. It had in cash on October 31, 1944, \$21,000,000; available borrowing capacity of \$811,365,000; and appropriations pending, \$256,000,000. The last 3 items added up and subtracted from the \$3,000,000,000 leaves about \$2,000,000,000, which they will need. That is what they say it will need. It does not mean the money will be wasted, because the Government has made money on these basic crops. As a matter of fact, it has over \$600,000,000 of loans outstanding now, and the estimated value of the assets of the Corporation, in addition to these loans, is something over \$1,500,000,000.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. COOLEY. What is the total loss during the coming year?

Mr. BROWN of Georgia. The total loss, as I understand it, is approximately \$900,000,000. That is the subsidy for the dairies and other subsidies where the consumer, and not the producer, gets the benefit.

Mr. COOLEY. If the bill provides an amount of money sufficient for a 2-year period, and you cut that period to a 1-year period, why could you not reduce the amount in proportion?

Mr. BROWN of Georgia. This bill does not provide money for a 2-year period. It provides money for the period ending December 31 this year. The bill extends the life of the Corporation for 2 years. But the money is provided only through the year 1945.

Mr. COOLEY. That is the information we have been trying to obtain.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment. If the Members will turn to page 2013 of the CONGRESSIONAL RECORD, I think we can tie this up. On that page you will find certain figures which I am informed the Commodity Credit Corporation has agreed to go into this proposition as an amendment. That gives a total of \$913,000,000. The \$913,000,000 is made up of \$568,000,000 for the dairy industry; whole milk payments, \$416,000,000; butterfat payments, \$152,000,000. That makes up the total of \$568,000,000.

Then, we have the noncrop programs, which are Cheddar cheese, fluid milk, peanut butter, for food wheat, expended on other purposes—that means something you cannot detail at the present moment—\$32,500,000, or a total of \$120,000,000.

Then, you have programs which are on a crop basis, crop-year basis, or to be provided for under the amount of \$225,000,000 total.

So, \$568,000,000 for milk, \$120,000,000 for noncrop program, and the programs which are on a crop year basis for \$225,000,000, gives \$913,000,000.

That, I might say to the gentleman from Kansas, brings these figures of October 31 down to date, you might say. I think that answers the question of the gentleman from Kansas [Mr. HOPE], about the later figures from October 31. So, on that basis, I shall be very glad to support the amendment offered by my colleague, the gentleman from Michigan [Mr. WOLCOTT].

Mr. Chairman, there is another thought I want to express here. A lot has been said about an investigation. We have the letter today from the Administrator, Mr. Jones. Mr. Jones himself cannot personally make that investigation. I mean Marvin Jones, personally, cannot make it. I have been a friend of the Commodity Credit Corporation with all the other Members of Congress, and I have heard so much and I have seen so little—there has been so much said by the gentleman from Georgia [Mr. TARVER] and there is so much in the RECORD which we have not seen that insofar as I am personally concerned, for the benefit of the farmers of this country and for the benefit of Marvin Jones and Frank Hancock, let me say that I would not go any further than those two men to fill those two positions, but, to protect the farmers, to protect the Commodity Credit Corporation, to protect every Member of the House who supports Commodity Credit Corporation, to protect the public of this country, I personally am going to demand a thorough investigation by a committee of this House, of the operations of the Commodity Credit Corporation. I think I know enough to know that when the committee gets into it, it will find plenty that needs cleaning up. You must keep in mind that Administrator Jones and Mr. Hancock are new men on these Commodity Credit jobs. You will probably find that the dirty work—and I allege there has been dirty work—took place before either one of them joined the Corporation. If the house is clean let it be shown to be clean. If it is dirty, let us clean it up.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. No; I do not yield. I have kept my mouth closed up to this time. I do not propose to have something come out 6 months from now which will stigmatize me as a friend of Commodity Credit Corporation. Furthermore, passing this law at this time has nothing to do with that investigation. The Congress has authorized these parity and support price payments. The Commodity Credit Corporation is the machinery through which those payments are to be made. We mandate the Commodity Credit Corporation to make loans. I am going to vote for this bill. I am not going to vote to recommit the bill, because I am not going to mix the flour of the Commodity Credit Corporation with the red pepper of an investigation, if we can get one made.

There has been so much said here now that I do not know any way you can avoid an investigation. The Administrator sends a letter up here saying he is going to make one. The chairman of the Appropriations Subcommittee says he is going to make one. That is a fine kettle of fish you have here. We should either make an investigation or nothing should have been said, and let the scandal come at some future time. So, if I cannot get the investigation taken care of, in any other way, I will introduce a resolution, in order to clear my own skirts, and the rest of the Members can carry their own responsibility in whichever way they prefer to do it.

Mr. COOLEY. Will the gentleman yield?

Mr. CRAWFORD. Yes; I yield.

Mr. COOLEY. Does not the gentleman believe that the resolution which has recently been passed by the House, authorizing the Committee on Agriculture to investigate all phases of marketing activities, might not be broad enough to include authority to conduct this investigation?

Mr. CRAWFORD. Personally, I do not think it is broad enough.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. CRAWFORD] has expired.

A WAR MEASURE

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if this were a bill to appropriate money for planes, tanks, guns, and ammunition, I do not think any question would be raised as to the amount to be appropriated, because we are all in accord with doing everything possible to successfully prosecute this war. Yet, we have a bill here providing for the use of money for the purpose of making those planes, tanks, and guns effective.

FOOD AS IMPORTANT AS BULLETS

Food is just as important as bullets, and when we vote against providing the necessary food to carry on this war we are in effect voting against the successful prosecution of the war. I do not care how many planes, tanks, and guns we have upon the battlefields of the world, unless we have food for our fighting men, those planes, tanks, and guns will be absolutely useless. So this is just as impor-

tant as anything that can be done in this war.

MONEY TO PROVIDE FOOD

This bill provides for an increase from \$3,000,000,000 to \$5,000,000,000 in the amount of money that is available for the Commodity Credit Corporation. For what purpose? To provide needed food. We talk about deferring farmers—and we should, because they are engaged in work that is just as essential, just as necessary, as work in the war plants or upon the battlefields—and yet we quibble about whether or not it will be \$4,000,000,000 or \$5,000,000,000 in a program where we are spending from \$75,000,000,000 to \$100,000,000,000 every year for war supplies which cannot be used unless we provide the necessary food, which this \$1,000,000,000 difference will probably provide. Does not the gentleman think it is too small, considering the over-all cost of the war picture, to even quibble about or to run any risk about?

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SPENCE. I have been informed in the last few minutes by the Commodity Credit Corporation that they have \$1,000,000,000 available; that their commitments for this year are \$2,278,000,000, and that if the war comes to an end this year there will be another billion needed.

Mr. PATMAN. I thank the gentleman for his contribution. So this money is absolutely needed, not for next year but for the year 1945.

We are spending at least \$75,000,000,000 this year for war supplies. Think about that. Yet we are quibbling about the \$1,000,000,000 which will probably be necessary in order to make that \$75,000,000,000 effective in planes, tanks, and guns. We must not run that risk; it is too great a risk to run.

Mr. BALDWIN of Maryland. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BALDWIN of Maryland. The life of the Corporation by this bill is extended 2 years.

Mr. PATMAN. Yes.

Mr. BALDWIN of Maryland. And they are asking an increase of \$2,000,000,000.

Mr. PATMAN. Yes.

Mr. BALDWIN of Maryland. Suppose an amendment is adopted limiting the extension to 1 year; would not one-half of the amount be sufficient?

Mr. PATMAN. No; the need would still be \$5,000,000,000, that is, if we want to carry out the solemn contract we have made with the producers of food in the United States. We cannot carry out that contract in any other way.

Mr. BALDWIN of Maryland. It seems to me that \$2,000,000,000 increase being furnished here for a 2-year extension that should an amendment be adopted reducing the extension to 1 year, that \$1,000,000,000 should be enough.

Mr. PATMAN. We are not discussing that now; we are discussing what will be necessary for 1945. We have outstanding obligations. We have voted to put Congress on record as favoring certain support prices and certain price increases to those who will produce the necessary food; and we cannot carry out

those promises unless we vote for this bill as it is.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RICH. Instead of quibbling over this \$1,000,000,000, as the gentleman says, how about increasing the price of farm commodities so the individuals who get the commodities pay the \$1,000,000,000? Then we will not have to take it out of the Treasury.

Mr. PATMAN. That is a separate question, but I will tell the gentleman the reason why. If we do what the gentleman has sincerely suggested these wives, children, fathers and mothers of the fighting men will find their standard of living reduced.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. The wives and children, the fathers and mothers of these fighting men we have voted to send to war—and we have voted to give their dependents a certain amount each month—if we were to increase prices as the gentleman suggests it would reduce their living standard immediately. The amount of money they would receive would not purchase as much. We owe to them an obligation. If we were to do what the gentleman suggests we would place the greatest kind of burden upon the loved ones of our fighting men, upon the people who are drawing old-age assistance, upon people who are working for salaries and wages and who live upon fixed incomes. We would absolutely reduce it and do it quickly, immediately, reduce the purchasing power of those people, and we would be treating them wrong. It would cost them several times as much as \$1,000,000,000.

Mr. RICH. Then, \$1,000,000,000 in the gentleman's estimation not being worth quibbling over, it cannot be a very large sum to him. If it is not, and if you are trying to hold down the purchasing power of the people so that we do not have inflation, it seems to me that those who consume the goods should pay the bill.

Mr. PATMAN. The gentleman has his opinion, and I have mine; a billion is a large amount, but when we consider that the whole war program, a hundred times that large, is involved, the amount is comparatively small, I suggest that a vote for this amendment is a vote against the loved ones of those fighting men whom we have promised to defend by keeping the cost of living down so they could live on the amount we have provided. A vote for this amendment is a vote against those loved ones.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The difference between the attitude of the gentleman from Michigan [Mr. Wolcott] and

the gentleman now addressing the House is on this \$910,000,000 which is estimated after V-day. V-day may come tomorrow or next day and it is estimated that it would be \$910,000,000 for 1 year after V-day. If that came tomorrow, then we would have to come back and appropriate more money.

Mr. PATMAN. I am giving the Members the benefit of my opinion. You can have your own opinion any way you want. My opinion is if I were to vote for this amendment and quibble about a billion dollars, which is small compared to the over-all picture, making ineffective the billions of dollars of fine war equipment and supplies we have, I would be voting against the interest of the loved ones of these fighting men, I would be voting against the interest of the fighting men themselves, I would be voting against providing sufficient food here at home as well as enough food for our fighting men. Please remember that 12,000,000 fighting men consume as much food as 24,000,000 civilians because the average soldier must have 4,500 calories every day, twice as much as the average civilian consumes. So we must make it possible to have produced 65,000,000 pounds of the best food on earth every day for an equivalent of 24,000,000 men in the armed services. In addition to that, we have to make it possible for civilians at home to have the right kind of food in order to keep up our health standards in the Nation. In addition to that, if we can furnish some food to our allies and our allies use that food to help destroy our common enemies, thereby permitting more of our men to safely return home we are doing a grand thing. Therefore this program is too big for us to quibble about whether or not it should be \$4,000,000,000 or \$5,000,000,000. There is more involved than that.

Furthermore, this is a bill to help prevent inflation. I am not criticizing anyone who has a different viewpoint from myself, but I personally would feel, if I were to vote for this amendment that I was taking a step in the direction of releasing inflationary pressures and permitting inflation to possibly engulf our country. It would be a definite inflationary step. Now, that is my opinion about it.

Another reason is that after we have voted here solemnly, practically every Member of this House has told the farmers of this Nation to go back to his farm, even with the shortage of manpower and machinery, double up, work harder, and produce more food and that the Congress will guarantee them for 2 years after the declaration of peace a certain price for their products. So if I were to vote for the pending amendment I would feel that I would be going back on that promise.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BALDWIN of Maryland. Mr. Chairman, I move to strike out the last three words.

(Mr. BALDWIN of Maryland asked and was given permission to revise and extend his remarks.)

Mr. BALDWIN of Maryland. Mr. Chairman, I have listened very intently, as I always do, to the remarks of our very

able colleague from Texas, but I take this opportunity to say that I cannot go along with his reasoning so far as his opposition to the pending amendment is concerned. It is all very well when anything is brought up here for consideration to come down here in the well of the House and talk about the boys at the fighting front, and because of my support of the pending amendment, I do not want any Member of the House or anyone else to think for one minute that I would do one single thing which would hamper the war effort in any way or that would sacrifice the life of one additional man in this war. However, there is a fundamental question involved here in which I am deeply interested.

I understand there is going to be another amendment offered to cut the life of the Commodity Credit Corporation from 2 years to 1 year. Unfortunately, that amendment has to be offered later and cannot be offered now. The particular amendment I wish to talk about at this time is the amendment to be offered cutting the life of the Commodity Credit Corporation from 2 years to 1 year. I am not speaking against the extension of the Commodity Credit Corporation at this particular time, but I do hope that the House will not vote for an extension of the Commodity Credit Corporation for 2 years.

The Commodity Credit Corporation was organized, as my colleague, the gentleman from Texas, said, to help the farm interests of this country, but it was not organized to do the work that it is doing at the present time, which is to perpetuate consumers' subsidies in this country.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN of Maryland. I yield to the gentleman from Texas.

Mr. PATMAN. It is true that it was not organized for that purpose; neither was the R. F. C. organized for three purposes, to help the banks, the railroads, and the insurance companies, but finally they were extended for good purposes, and this is being used for the same reason.

Mr. BALDWIN of Maryland. I will cover the gentleman's objection to my statement in a minute. We got into the war before the Congress knew what was happening. The Commodity Credit Corporation was subsidizing the consumers of this country when the first subsidy started in the canned vegetable industry in connection with the resale program. We have had several fights in the last 2 years about consumers' subsidies in this House. I, for one, was against it, but since the Commodity Credit Corporation, in cooperation with the O. P. A., developed that as a policy during this war, I am perfectly willing to go along and continue that program as long as the war lasts and as long as this emergency lasts because I, for one, in line with what my colleague, the gentleman from Texas just said, do not want to do a single thing to upset the economy of this country which would in any way hamper the war effort.

May I ask the Members on the Democratic side to pay particular attention to this? I have heard quite a good many of you in the cloak room talking about the extension of the powers and the au-

thorities granted as war emergencies. Why is the Commodity Credit Corporation asking for a 2-year extension? Just as sure as we are in this Chamber today, the Commodity Credit Corporation, or through a separate agency of this Government, expects to continue the payment of food subsidies after the war is over. An article published in the Baltimore Sun, emanating from a department here in Washington, made the flat statement that it was going to be the policy of government, and the Congress would soon be given a bill covering it, that people in low income groups would have food subsidies as a permanent part of our Government. Members of the House, you are getting into something very dangerous. You are getting into something that is going to upset our whole system of government if that is done.

Mr. SPENCE. . . . Chairman, will the gentleman yield?

Mr. BALDWIN of Maryland. I yield to the gentleman from Kentucky.

Mr. SPENCE. We have committed ourselves to the farmer to continue the support prices for 2 years after the war.

Mr. BALDWIN of Maryland. I agree with my chairman. But support prices, Mr. Chairman, and consumers' subsidies are entirely different things.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. BALDWIN of Maryland. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. BALDWIN of Maryland. All I wish to say is this. We are in an emergency; I do not think there is any question about that.

If we come back at the end of 1 year and we are in the same emergency, I am sure no Member of this Congress will be opposed to extending it again. But let us keep the activities of the Commodity Credit Corporation under the scrutiny of the Congress so that we can watch the policies that have developed from time to time, so that after the emergency is over and we want to retrench, we will have a chance to do so.

I shall support this amendment, and if that amendment prevails and they need two billion for 2 years, certainly one billion additional would be enough for the 1 year.

Mr. LAFOLLETTE. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I am going to support this amendment. I have supported consumers' subsidies. I have supported a good many other things. I am going to support it directly on the ground that it has been my observation that if you give people too much money in the Treasury to play with you get pretty lax methods. We talk about a promise to the farmers. You cannot tell me that this House will not at any time meet any legitimate payments that are required under its present laws. No one in this House can very successfully charge me with operating against the interests of plain people. If it becomes necessary as part of our economy by a food-stamp

plan or otherwise to take care of the food requirements of the low-income group, I will be there.

But, primarily, I come just one speaker too late. I may fall into the habit myself, and anyone in this body can call me on it from now on, but I am beginning to retch a little at the stomach about hearing so much about our boys in the service. It has been my observation that men in this House who have lost sons are prepared to make their arguments upon sound grounds as to the merits of propositions and not go around here talking to us about the boys in the service every time they want to make an argument on anything.

I have come back from Europe and France and seen a few of those boys, and I have seen a good many of them who are injured. You are not going to fool them with a lot of tears about them. I think it is about time that somebody in this House at some time call some attention to the fact that some of those boys-in-the-fox-holes speeches are a little nauseating to most people of decent sensibilities.

Mr. BELL. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have a feeling that the Commodity Credit Corporation and the O. P. A. have in an over-all way done a pretty good job of helping to keep down the rise in the cost of living. I think that as far as the cost of living can be cut down during this war period it is going to cut down our over-all debt at the end of the war. Those of us who are interested in the taxpayers will be doing something for the taxpaying public by helping to keep that cost of living down during this war. For that reason, I am going to vote against this amendment.

I have every confidence in the gentlemen who are running the Commodity Credit Corporation. One of them is a former Member of the House. I have confidence not only in their ability but in their integrity.

As I say, I think there has been a pretty good over-all job done in many ways. On the other hand, I feel that it is my duty to call the attention of the House to some things that have been developed in the hearings before the Committee on Insular Affairs during the last 2 weeks.

The vast powers that have been vested in the O. P. A. and the Commodity Credit Corporation, if wisely used, will, I think, as a war measure, do a great and beneficial service to this country. On the other hand, if they are unwisely used, they constitute a very powerful instrument of oppression and destruction. I feel that it is my duty to call to the attention of the House some facts that have been developed during the past 2 weeks in the Committee on Insular Affairs.

Our attention was called recently through cablegrams and letters to the fact that for 4 long weeks a strike has been going on in the biggest industry in the island of Puerto Rico.

We have read in the papers from time to time, that we are to receive another cut in our sugar allowance for the next year. The biggest production of that

island is sugar. They have what we call a sugar economy. From seven hundred to nine hundred thousand tons of sugar come out of there normally every year. Last year, the O. P. A. fixed a price on raw sugar below the cost of production and the Commodity Credit Corporation paid such a low subsidy that producers of sugar in Puerto Rico operated at a deficit last year. According to the best testimony we could get, eight companies alone lost about \$1,500,000 last year. They have been pleading with the O. P. A. to raise sugar prices to the point where they would not go on losing money or to get subsidies from Commodity Credit Corporation to offset the losses. The workers on the island faced, as they are elsewhere, with the rising cost of living, have struck for a higher wage. The producers of sugar, the little colonos, the larger people, and even large corporations, have all been faced with the fact that you cannot pay more than you take in. It has been a deadlock. According to the best estimates we have, they have been losing about 15,000,000 pounds of sugar a week because of the strike. In other words, the householders of America have already lost 60,000,000 pounds of sugar.

They took care of the continental producers by having the Commodity Credit Corporation pay them a subsidy large enough to make up the difference between the cost of production and the price fixed by the O. P. A. On the continent, they have kept the producers quiet and kept them operating by paying a subsidy to take up the slack between the low price fixed for raw sugar and the amount they have to have to produce it. For instance, down here in Louisiana, they are paying a subsidy of more than twice the subsidy paid down in Puerto Rico.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent that the gentleman have 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BELL. There is only one way that the householders of America are going to get sugar, and that is help the people who raise sugar to continue producing it. It cannot be produced so long as the price is forced down below the cost of production. I do not have to argue that point with any man in this Chamber. It is fundamental. It is a principle that we Americans have been raised upon.

There have been negotiations going on for 6 months, but the O. P. A. and the C. C. C. have stood pat and refused to give relief. They are now threatening to take over the sugar industry down there and to take over all the sugar farms and the sugar centrales, and operate them under Government control.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. BELL. I yield.

Mr. DONDERO. What is the philosophy behind an order of that kind of fixing the price below the price of production?

Mr. BELL. I certainly do not want to charge the gentlemen running the C. C. C. with the kind of philosophy which you know is held by some people connected with the insular government. But you know what philosophy prevails down there where one after another of the island's industries has been taken over by the island government. That is common knowledge here. I do not have to expand on that.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. BELL. I yield.

Mr. RICH. Does not the gentleman believe the same philosophy is working in the States?

Mr. BELL. There may be some people here, but I think at least 98 percent of the people do not believe in that philosophy. I do not think that the people of this country will ever favor that sort of thinking.

Mr. RICH. I think the gentleman is right in saying that 98 percent of the people do not believe in that philosophy, but we are going right into it very rapidly. The people of this country are being fooled and they had better wake up pretty quick.

Mr. BELL. If this plan to take over that industry is carried out, it is going to mean a tremendous loss in sugar to the people of this country. In the first place, for every day that the cane is left standing in the fields there it is deteriorating. They should have been cutting cane for the last 30 days, but everything has been at a standstill. In fact, the longer that situation goes on, the worse it is going to get and, of course, it is going to mean that with a few more weeks like this, this year's cane crop will be lost and gone. It will mean, too, that the men who have spent their lifetimes down there developing the greatest business of the island will be frozen out, and the business will be taken over by those folks in the island who do not know how to run it as well as the people who developed it. The result will be that we either will not have sugar here or else the price will be forced up to the point where it will be altogether too high.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BELL. I yield.

Mr. COOLEY. Who does the gentleman believe is responsible for that situation?

Mr. BELL. Well, I do not know all the ramifications back of it. I would say, however, that if the Commodity Credit Corporation would pay the same subsidy to sugar producers in Puerto Rico that it is paying on the continent, the strike could be settled immediately, and we would salvage something out of this cane crop standing in the fields down there.

Mr. COOLEY. Is there any reason why they should not pay the same subsidy?

Mr. BELL. I know of no reason why they should not, except I am convinced there are some people on the island who may be opposed to having it done.

Mr. COOLEY. I infer from what the gentleman said that there is some evil or sinister influence back of this thing.

Mr. BELL. I think there is.

Mr. COOLEY. That is on the island.

Mr. BELL. I doubt very much if the gentleman running the O. P. A. and the Commodity Credit Corporation are fully cognizant as to the far-reaching influences down there in the island that may be back of this situation.

Mr. DONDERO. Will the gentleman yield?

Mr. BELL. I yield.

Mr. DONDERO. What is the amount of the subsidy per hundred pounds?

Mr. BELL. Forty cents per hundred pounds.

Mr. DONDERO. What is it in continental United States?

Mr. BELL. One dollar per hundred pounds.

Mr. DONDERO. How much is the total subsidy paid to both the insular possession sugar and the continental sugar?

Mr. BELL. Down there it is 40 cents per hundred and here it is \$1 per hundred.

Mr. DONDERO. Have you the overall amount?

Mr. BELL. No; it depends on the amount of the production.

Mr. CRAWFORD. Will the gentleman yield?

Mr. BELL. I yield.

Mr. CRAWFORD. On page 28 of the hearings the Commodity Credit Corporation has requested \$63,000,000 on sugar. I assume that is the support price which they propose to pay to all domestic producers, which includes Puerto Rico, Hawaii, and the continental beet sugar growers.

Mr. BELL. I thank the gentleman.

Mr. CRAWFORD. I want to congratulate the chairman of the Insular Affairs Committee for calling this matter to the attention of the House, and also to point out that while this crop is standing in the fields, remaining unharvested, not only is the sugar content being lost in the juices, but there are no new plantings going in for the year 1946, which means to say if we lose this crop we also lose next year's crop, or in round figures 1,800,000 tons of sugar.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. BELL. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. BELL. I yield.

Mr. HARRIS. I am very much interested in the statement the gentleman has made. I am sure most every citizen of this country is interested. Is the cost of production of sugar in the island as high as the cost of production of sugar in this country?

Mr. BELL. The cost of labor in the island, per ton, is higher than it is on the continent. There are many reasons for that.

However, before I close, I would like to say I am opposed to this amendment, because I think over-all, they are doing a good job, but I do think this body ought to know that hidden down there is a tre-

mendous power of oppression and destruction that if unwisely used might bring disaster, not only down there in that little island, but here on the continent as well. Unless this thing is seen by the men who are operating O. P. A. and the Commodity Credit Corporation, there will be a time when some committee will come in here with an amendment to the law to protect the people of this country.

Mr. COOLEY. Will the gentleman yield further?

Mr. BELL. I yield.

Mr. COOLEY. Does that feeling originate with the Governor? Is he not spear-heading that sort of feeling in the island?

Mr. BELL. I cannot speak for the Governor.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. SABATH. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SABATH to the amendment offered by Mr. WOLCOTT: Strike out "\$4,000,000,000" and insert "\$4,500,000,000."

[Mr. SABATH addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I must confess that the figures we have heard today, in addition to the figures shown in the hearings, leave me very much confused. It is pretty difficult to get any idea from these figures as to how much is really needed. In my opinion, the principal difference between the figures submitted by the gentleman from Michigan [Mr. WOLCOTT], and the figures in the record of the hearings which have been referred to by the gentleman from Georgia [Mr. BROWN], is that the figures of the gentleman from Michigan apparently do not take into account any amounts which may be necessary to support the price of the basic commodities and other commodities upon which price supports rather than subsidies are in effect.

Undoubtedly we are going to need some additional funds for that purpose, but when you come to look at the figures in the RECORD on page 47, showing the amount of stocks on hand at this time, you will find that there are over \$2,000,000,000 worth of farm commodities now owned or under loan by the Commodity Credit Corporation. Some of those loans are going to be liquidated, some of the stocks are going to be sold during the coming year. That money will go into the revolving fund and will be available for making new loans or acquiring new stocks. So I am constrained to believe that we do not need \$2,000,000,000. It seems to me the amendment offered by the gentleman from Michigan, however, should take care of the situation during the coming year, assuming that we extend the life of the corporation for 1 year only.

I call your attention to the further fact that \$910,000,000 of the figures which are in the hearings and which have been re-

ferred to by the gentleman from Georgia [Mr. BROWN], are contingent figures based upon what may be necessary after VE-day. Of course, no one knows when this is coming after VE-day, and no one knows just what effect it may have upon commodity prices. I think perhaps if we do not take those figures into consideration we will still be safe and prudent, because if there are further amounts necessary as a result of changes after VE-day, the Congress will provide them if they are needed to make good our commitments.

Then as a final conclusion as to whether or not the amounts covered in the amendment of the gentleman from Michigan are sufficient, I want to read just an extract from the statement of Marvin Jones before the Banking and Currency Committee, which is shown in the hearings on page 71. The gentleman from Ohio [Mr. SMITH] asked the following question of Mr. Jones:

Mr. Chairman, I wanted to ask one question about this \$2,000,000,000 figure which I believe the Senate has reduced to one and a half billion dollars. What about that, Mr. Jones?

Mr. JONES. We preferred the \$2,000,000,000 because we felt, from the psychology of the situation, it was better to have an assurance, with this commitment lasting for 2 years, that we would have the full amount; that is, it would be desirable from every standpoint. The Senate committee took action cutting it to \$1,500,000,000. I think it is probable that that will be sufficient for the period intended. If it is not, we can come back and ask for additional authority. I should have preferred that it be \$2,000,000,000.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. HOPE. We have there the opinion of the head of the War Food Administration that they would have preferred \$2,000,000,000 for the 2-year period, but that they thought they might get along with one and one-half billion. Based upon that statement it seems to me that we are safe in adopting the amendment proposed by the gentleman from Michigan, especially knowing that we will be in session most of the time and can come back and increase this amount if it is necessary.

Mr. RICH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, it seems to me that if we want to aid and assist the farmers of this country permanently, we have got to do something different than we are trying to do here in this bill. May I quote from the remarks made by the President of the United States in his acceptance speech of July 2, 1932? I quote:

We should repeal immediately those provisions of law that compel the Federal Government to go into the market and purchase, to sell, to speculate in farm products in a futile attempt to reduce farm surpluses.

If the President made that statement in order to reduce farm surpluses, he certainly would make the same statement or, at least, he should, in order to help

the farmer secure a fair price for his commodities and his labor.

I have a great agricultural district, the finest in the land. I want to help the farmers, but I do not want to aid them for only 1 year now or for 2 years after the war. I want to aid them permanently. I want the farms on a sound business basis. The farmer does not want a hand-out or a dole. He wants a fair price for his commodities.

When I think of some of the things we do in order to get the farmers in that position, certainly I cannot acquiesce in the things we are doing here to help them, because I think we are only leading them to the greatest fall this Nation has ever seen, especially when the time comes that we cannot pay the farmers subsidies. You are taxing the farmer and giving him a hand-out. If you Members of Congress think for a minute that the time is always going to be here when we will have \$1,000,000,000, as was said awhile ago, to quibble over, or \$2,000,000,000, to quibble over, you will find that some day we will not have any dollars to pay the farmers any subsidies. A billion dollars to me is more than a quibble.

I heard John Brandt, president of Land O' Lakes, give an address at the Mayflower Hotel a few weeks ago. He deals altogether with farmers. He said: "The quicker we have the farmers get behind the Government's paying the cost of production and giving them payment for the hours they spend in working on the farm, the better it will be for the farmers." I quite agree with him, because then we will give the farmer a price for his commodity that will not drop down after the war is over, and he will be able to continue to furnish the foodstuffs this country and other countries of the world would like to have, at a fair price to the farmer. We should do it without paying the farmers a subsidy or a dole.

How many farmers in this country want to be on the charity of the Government? I say none of them. I do not believe in it myself. I would not want it for myself. What are they doing to me on my farm? They give me lime, they give me fertilizer, they give me a subsidy for milk, and they give me a subsidy for the program of the agriculture adjustment program this administration has adopted. I receive their checks, and I pay them out to charity, because I believe I can do more good with that money that way than if I turned it back to this administration to let them squander it. I would just like to give you a list of the money I have gotten for my farm in the last 2 years, and most every farmer gets subsidies in lime, fertilizer, or checks from a Treasury that is drained dry. Farmers, wake up before it is too late; these checks cannot always come to you, but taxes can, and they will. So beware if you would save your farm.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman knows that while he was not

here we did our best to stop these subsidies in the last session of Congress, but the President vetoed the bill.

Mr. RICH. Did the gentleman hear me read what the President said? Let me give the gentleman another quotation from the President.

Mr. AUGUST H. ANDRESEN. He did not mean it.

Mr. RICH. He does not mean it; no. He has fooled more people in this country than any man who ever lived.

The President said in his address at Atlanta, Ga., on October 24, 1932:

We are certainly paying enough for the Department of Agriculture to get something more useful than we are now getting. I have always proposed its reorganization. I am going to insist that we get more service for the farmers for less money.

Would not that make you laugh? What a joke he is making out of his promises. He has no respect for his word.

Mr. AUGUST H. ANDRESEN. May I point out that this measure is not in whole a measure to help the farmers, because \$913,000,000 of it is a consumer subsidy that is paid to the consumers of this country. If the farmers are going to produce food, they must be reimbursed for what is given to the consumers.

Mr. RICH. If we wanted to help the farmer we would get him what it costs to produce the food plus a profit for his time, for the articles he produces, and we would stop having to subsidize the farmers for their work.

Farmers, just remember some day you will be sorry for this procedure of subsidies. Farmers, you will not always receive subsidies but you will always pay taxes. Let we farmers fight for honest prices for our labor and for our produce. That is what we need and want and that is what I am for, to help the farmer and to keep our country solvent.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 25 minutes.

Mr. KEEFE. Reserving the right to object, may I say to the gentleman that I have been on my feet now for 1 solid hour seeking every 5 minutes to get recognition. I have not been able to get recognition for reasons best known to the Chair, and I have no objection; but I want to ask some questions about this proposition. There are a lot of things I do not yet understand, and I think there are a lot of men on this floor who do not understand the situation yet. Why does not the gentleman let us go on for just a little while?

Mr. SPENCE. We have been going on for quite a while. I have no disposition to close debate, but if we continue at this rate we will not get through today.

Mr. KEEFE. I think we will get through much faster, Mr. Chairman.

Mr. SPENCE. I withdraw the request, Mr. Chairman.

The CHAIRMAN. The Chair will state that he gives prior recognition to members of the committee, and then alternates between the respective sides.

Mr. HOOK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent that I may be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOOK. Mr. Chairman, I was very much interested in the statement of my distinguished colleague the gentleman from Michigan [Mr. CRAWFORD] and also in the letter which came down from the Chairman of the War Food Administration.

The gentleman from New York, Representative TABER, asked about soap. I notice that at page 2009 of the RECORD, March 9, the distinguished and able gentleman from New York [Mr. TABER] included in his attack upon the Commodity Credit Corporation a charge that 20,000,000 pounds of lard in storage tanks at Cincinnati, Ohio, had been allowed to spoil and, therefore, had to be turned over to soapmakers for manufacture into soap.

The gentleman from New York [Mr. TABER] does well to raise question concerning this transaction. The inquiry he suggests should be pressed, I hope the gentleman from New York [Mr. TABER] will pursue it diligently, even after he begins to learn the facts.

Now my understanding of this affair differs somewhat from that of the gentleman from New York. In the first place I do not believe the Commodity Credit Corporation was at fault. I believe that the investigation the gentleman from New York [Mr. TABER] requests will show that the Office of Distribution in the War Food Administration exercised a controlling influence in what was done.

Now let us see what that was. Of course, I only report on the basis of hearsay evidence. I do not make charges. I will reserve accusations until the matter is investigated. The gentleman from New York [Mr. TABER] demands investigation. I support him in that demand.

On hearsay, then, I suggest that perhaps the facts of the matter were something like this. A year ago lard was being produced in great quantities. It was a banner year. The War Food Administration claimed it could not find storage space for all the lard. Lard was removed from the rationing list. And lard, edible lard, was released to soapmakers for manufacture into soap.

This was done because, as I said, the Food Administration claimed there was not enough storage space for all the lard, and I do not want to be understood to confirm that claim. On the contrary it is one of the matters I hope the gentleman from New York [Mr. TABER] will seek to have investigated, because we and the whole wide world stand at this moment in great need of additional fats and oils, both edible and inedible, and there are many in liberated nations of Europe who are desperately hungry for food fats, and for soap fats, but they shall not receive them from us because we cannot supply them in adequate quantities. Why we cannot supply them, within 1 year of the greatest fat glut in our domestic history is one of the

things that needs to be investigated, very thoroughly investigated, and I trust the gentleman from New York [Mr. TABER] is going to follow through on that to the bitter end. He will find me standing right by his side.

So, as I said, lard was turned over to soapmakers and they used it and made soap with it. Two hundred million pounds of edible lard went into soap, I understand.

By the fall of last year the glut of lard had disappeared. Indeed there was no glut but an increasing scarcity. What every economist in the Department of Agriculture knew very well in the spring of 1944, finally became apparent to the War Food Administration in the fall of 1944. A sharp reduction in hog breeding late in 1943 had resulted in a smaller number of baby pigs being born in the spring of 1944 and a sharply reduced supply of hogs to market in the fall of 1944.

So by November the lard glut had been turned into a lard shortage, and the War Food Administration on November 13, 1944, issued an order saying "No more edible lard is to be made into soap."

Now the soap industry had seen this 20,000,000 pounds of edible lard sitting in soap makers' tanks at Ivorydale, Ohio, and belonging to the War Food Administration. It wanted that lard because it wanted more soap to sell. Soap sales are profitable, very profitable, especially when sold at very fancy prices with very fine perfume to the American consumer. How profitable they are you only have to turn on your radio to discover. You will find endless, and I might say tedious, hours of soap entertainment—if you call is that—pouring out of your loudspeaker. And I do not need to tell any of you that those hours cost money. They cost plenty of money, and they are not being paid for by soap makers unless there is a good profit coming back to them as a result of that expenditure.

Well, mind you, when you have a commodity that is highly profitable to make and sell, and you want more raw material to make it with, there is likely to be some way to get hold of that raw material. A good profit is a strong magnet; it attracts unto itself that which has an affinity with it.

And, as I heard told—and again this is only a hearsay which the gentleman from New York and I are going to get investigated if we can—the soap companies did get that 20,000,000 pounds of edible lard.

Here is how they went about it: It so happens that the Army needs a lot of soap. It wants more soap, I understand, than the soap companies have been willing to sell it. The trouble with the Army is that it wants cheap soap, yellow bar soap. It wants this for its own use and for civilian populations in Europe and elsewhere.

Now yellow bar soap is just plain, ordinary soap, good for washing and not good for much else. At any rate, it is not good for high-powered radio puffing at a high profit. The Army is a generous buyer, I am sure, pays a good price for everything, but obviously the Army is not paying the soap companies a price for yellow soap that is anything like so profit-

able as the dainty little smelled-up soaps and suds that are sold to housewives by means of the soap operas.

Knowing what comes first in the minds of so many manufacturers—and surely is not missing from the minds of soap manufacturers—I do not find it hard to understand why the Army had trouble getting enough cheap soap when there is such a fine market for expensive and highly profitable soap right here at home.

At any rate, as I understand and want the gentleman from New York [Mr. TABER] to find out about, the soap companies promised the Army they would sell it more of the kind of soap it wants if it would get them that 20,000,000 pounds of edible lard owned by the War Food Administration and stored in tanks at Ivorydale.

Some time late last year—I am not sure when this was—the War Food Administration offered this lard to packers to be used as food. In December the lard was inspected by Government inspectors and found to be in need of reconditioning to make it suitable for food use. It was found that this could easily be done, and that 98 percent of the 20,000,000 pounds could be recovered as edible lard. So it was offered to the food trades on that basis, and the offer was accepted. It was just about to go back into our total supplies of food fats, where, as anyone can see now, it was badly needed.

That is when the soap companies stepped in. By offering to meet military soap requirements more adequately if the Army would do this little favor for them, they persuaded someone in the Army to go to the Office of Distribution and say that the Army wanted to buy that 20,000,000 pounds of edible lard.

The War Food officials complied. They canceled the arrangements to deliver it to the food trade and turned it over to the Army. Shortly thereafter, or to be exact, at 2 p. m., eastern war time, on January 18, 1945, the War Food Administration announced that "approximately 20,000,000 pounds of off-condition prime steam lard has been released to the Army." Further, the announcement said, the War Food Administration, acting as agent for the Army, was offering this lard to five soap manufacturers who had soap contracts with the Army, the amount each soap maker was to get being determined by Army allocation.

So that is how Mr. TABER's lard got to be turned into soap, and if he wants to investigate how it happened I want to suggest to him that he start with the soap companies to see by what kind of pressure, through what extremities, they were able to persuade the Army and the War Food Administration to turn edible lard into soap. If it will help him with his inquiries, I can tell him what soap companies got that lard and how much went to each. Here they are:

	Pounds
Procter & Gamble Distributing Co., Cincinnati.....	8,600,000
Colgate-Palmolive-Peet Co., Jersey City.....	6,045,000
Lever Bros., Cambridge, Mass.....	2,790,000
Armour & Co. Soap Works, Chicago.....	1,865,000
Manhattan Soap Co., New York....	700,000

Now I want it to be very clearly understood I have made no charges against the soap companies, or the Army, or the War Food Administration. I have recited hearsay for the benefit of Mr. TABER's investigation, and I wish him Godspeed.

And by the way, it may be true that when this lard was delivered to soap companies, it was, as the War Food Administration said on January 18, "off condition." I have heard that U. N. R. R. A. learned that this lard was about to be taken out of the food supply and diverted to soap, and wanted it very badly for food use and tried to get it, and learned that it had been inspected not long before and was found, as I said, 98 percent edible after reconditioning. But U. N. R. R. A. possibly was no match for soap companies in getting what it wants. At any rate, it did not get it. Shortly thereafter, as I understand, the lard was denaturalized so that there would be no question then that it could not be used for food. After being denaturalized, soap was all it was good for.

I say we should have an investigation but we should place the responsibility. By the way it may be true that when this lard was delivered to the soap companies it was, as the War Food Administrator said on January 18, off condition. U. N. R. R. A. wanted that food but U. N. R. R. A. did not have, well let us say, the pull that the soap companies of this country had. It is about time we investigated this thing to find out exactly where the fault lies.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOOK. I yield.

Mr. COOLEY. If the lard had spoiled, what earthly reason would U. N. R. R. A. want it for?

Mr. HOOK. The lard was not spoiled. By a renovation process they could make it 98 percent edible, and only 2 percent would have been lost.

Mr. COOLEY. Certainly U. N. R. R. A. would not want any spoiled lard.

Mr. HOOK. But there was only 2 percent of it spoiled. They could have renovated 20,000,000 pounds and only lost 2 percent. Ninety-eight percent would have been edible.

Mr. BREHM. Will the gentleman yield?

Mr. HOOK. I yield.

Mr. BREHM. Is it not true, that the points on lard were raised to the consumers at the same time this lard was in storage and being permitted to spoil?

Mr. HOOK. That is right. The gentleman is absolutely correct and I wish to thank him for his able contribution.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, the gentleman from Wisconsin may proceed for 10 minutes.

There was no objection.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. SPENCE. Mr. Chairman, I wish to see if we cannot agree to close debate

on this section and all amendments thereto.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 25 minutes after the gentleman from Wisconsin [Mr. KEEFE] has concluded.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The gentleman from Wisconsin [Mr. KEEFE] is recognized for 10 minutes.

Mr. KEEFE. Mr. Chairman, I am very happy to note that so many individuals are now pressing for an inquiry and demanding an investigation of the facts which were very sketchily disclosed on the floor of this House by the gentleman from New York [Mr. TABER] and myself recently. In order that they may be accommodated, may I say that I have prepared a resolution to cover this whole subject matter and it will be offered at a very appropriate time. Then all of the gentlemen who are so vociferously seeking to clear the air I hope will get behind that resolution and provide a very searching inquiry into the operations of all Government corporations as well as the Commodity Credit Corporation itself.

Mr. Chairman, I should like the attention of the chairman of the House Committee on Banking and Currency, if I may, because I confess to some confusion of thought, and I am satisfied that there are a lot of other Members on this floor who are confused in their thinking, and that the argument thus far has tended to increase the confusion rather than to to clarify it.

With reference to the particular amendment offered by the distinguished gentleman from Michigan, the gentleman from Georgia [Mr. BROWN] called attention to the fact that the hearings on page 28 disclosed the attitude of the Commodity Credit Corporation in asking for an increase of their borrowing authority from three to five billions. The gentleman from Michigan seeks to cut that borrowing authority to \$4,000,000,000. The gentleman from Illinois [Mr. SABATH] seeks to cut it to \$4,500,000,000. There is the choice that now rests with the Congress. As one Member who has been somewhat critical of the operations of the War Food Administration and the Commodity Credit Corporation may I say that I think the spirit and purpose behind the law is one that cannot be dispensed with and that I would not support a motion to recommit this bill.

I believe that the farm support program that has been announced in the way of a contract with agriculture in this country, must be carried out. The only question in my mind is how much borrowing authority does the Commodity Credit Corporation need in order to carry out its commitments?

If you will turn to page 28 of the hearings you will find that the Commodity Credit Corporation gave the committee these figures: Their estimated net obligations for loans, purchases and expenditures from November 1, 1944, to December 31, 1945, was \$2,178,778,000. You will note that is for a period of 14 months.

For the period from November 1, 1944, to December 31, 1945, they say they will need \$2,178,778,000.

They further say that they have as against that obligation \$811,365,000 in available borrowing capacity as of October 31, 1944, and in addition they say they have \$21,448,000 in cash. They further say that they have an appropriation estimate pending before the Congress in which they are asking for \$256,765,000 to make good an estimated impairment in their capital structure.

Now here is what concerns me: This is a bill to extend the Commodity Credit Corporation for 2 years—2 years, not from October 31, 1944, but for 2 years from June 30, 1945. Please note that. They say, "We need a portion of this \$2,178,000,000 to carry us from June 30, 1945, to December 31, 1945." If I read the figures correctly, this proposed increase they are asking for will only carry them to December 31, 1945, which is 6 months of the 2-year period of extension. Am I right or wrong?

Mr. BROWN of Georgia. The gentleman is right.

Mr. KEEFE. Very well, I am right. Then what you are asking in effect is this: You are asking for \$2,000,000,000 of additional borrowing authority which it is estimated will only carry this Corporation through to December 31, 1945, and you are asking that the Corporation be extended for a year and a half further. What do you expect to do in the other year and a half? Do you expect to come back here and get additional borrowing authority?

Mr. BROWN of Georgia. We will have to, and I thought everybody understood that.

Mr. KEEFE. All right; just so we understand it. Then you will expect on the same basis that the increase in borrowing authority sometime between now and December 31, 1945, will have to be extended another two or three billion dollars; is that right?

Mr. BROWN of Georgia. No, sir. If VE-day does not come before then, we will not, but if VE-day comes before that time we will have to ask for more money. This \$910,000,000 is included in the \$2,000,000,000.

Mr. KEEFE. Yes; the \$910,000,000, which is purely speculative as to what may happen in the event the war ends, is included in the \$2,000,000,000.

Mr. BROWN of Georgia. That is right.

Mr. KEEFE. But if you require \$2,178,000,000 to run your program for a period of 14 months, as contemplated by these figures, you will have to have, to conduct your regular program, in addition to this speculative program, at least half again as much as that in order to carry out your program for the year and 8 months.

Mr. BROWN of Georgia. The gentleman understands that these are commitments already made.

Mr. KEEFE. I understand. But the point I am making in this: I cannot see where you are going to have money enough to carry this program through further than to December 31 this year; is that right?

Mr. BROWN of Georgia. They certainly cannot pay the gentleman's dairy

people or the other commodity growers nearly as much money—

Mr. KEEFE. The gentleman misunderstands me. Please listen to what I say.

Mr. BROWN of Georgia. The gentleman is asking me a question and I will either answer it or not answer. I know the gentleman is a friend to the farmers and I will do my best to give him a correct answer.

Mr. KEEFE. Are you going to have more than enough money to carry you under this borrowing authority beyond December 31?

Mr. BROWN of Georgia. If we do not get the \$2,000,000,000, we cannot carry out the commitments to the farmers, including the dairy people.

Mr. KEEFE. I am sorry the gentleman does not answer my question. I am not in opposition to the thing. I am seeking information. I hope the gentleman will take time to answer it.

The CHAIRMAN. The Chair recognizes the gentleman from New Mexico [Mr. FERNANDEZ].

Mr. FERNANDEZ. Mr. Chairman, earlier in the afternoon the gentleman from Missouri [Mr. BELL] made a statement, in all sincerity, I am sure, but nevertheless an erroneous statement, which should not go unchallenged or uncorrected. The gentleman from Missouri said, in calling attention to the strikes in the insular island of Puerto Rico, that some people down there were opposed to increasing the subsidy paid by Commodity Credit there to a sum comparable to that in continental United States, because they wanted the Government to take over the sugar industries. The inference should not be that Governor Tugwell or other insular officials are opposed to either increasing the price or paying the higher subsidy.

As a matter of fact, in the last few days Governor Tugwell testified before the Committee on Insular Affairs in positive and strong terms in favor of increasing that subsidy and, in fact, said that it was an outrage that the insular sugar producers were not paid the same subsidy as in this country.

It must be said, however, in all fairness to the gentleman from Missouri [Mr. BELL] that he was not present at some of those hearings. If these strikes down there continue and if a Federal administrator is appointed, it would not be fair for this House to be under the impression that the people in the island or Governor Tugwell were responsible. The full responsibility for the lack of higher payments of subsidies to the sugar industry of Puerto Rico lies with the Commodity Credit Corporation here and not with any officials in the island government. All of the people from the island who attended the hearing that we had in the last few days testified in favor of it in the strongest terms possible.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY].

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Chairman, I have asked for this time to make a correction in the CONGRESSIONAL

RECORD. Our distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK], the chairman of this committee, the gentleman from Kentucky [Mr. SPENCE] and also our colleague, the gentleman from Texas [Mr. PATMAN], stated here on the floor that the administration, or that we as a Congress, have guaranteed a 90 percent parity floor for 2 years after the war is over. Of course, we have as far as the basic commodities are concerned, because they loan provisions; and with that also goes basic legislation that controls that production. These nonbasic commodities do not have any guaranty of 90 percent of parity for 2 years after the war unless the Secretary of Agriculture so desires. I think that that should be made very clear not only here, but everywhere. I read many agricultural papers, and the information is going across the country that there is nothing to worry about; that the farms are going to get 90 percent of parity for 2 years after the war. If anybody is familiar with the production of food after the last war, he will find that most of our difficulties came in the production that took place after the war was over.

The facts should be given that these and loose statements about 90 percent of parity guaranty 2 years after the war.

Therefore, I do not think it is a good policy for the country to get the idea that they are guaranteeing that. I might say that this year they have limited the support of 90 percent of parity to some commodities, and limited it to the amount of the commodity that they want, which is surely in the line of reason, something that I think the War Food Administration should follow. It is a good policy to follow.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I take this time for the purpose of urging the chairman or another member of the committee to answer the question propounded by the gentleman from Wisconsin a moment ago. I would like to know, How long will the money provided in this bill enable the Commodity Credit Corporation to carry on, on an efficient and effective operating basis?

Mr. BROWN of Georgia. Until the 31st day of December of this year.

Mr. COOLEY. The gentleman from Wisconsin was correct.

Mr. BROWN of Georgia. They estimated in October or the 1st of November what it would take them to run them up to the 31st of December of this year, and their estimate was \$2,000,000,000. They estimated that on VE-day, if it came any time soon, they would need \$910,000,000 to operate the Corporation to carry out its obligations to the farmers for 1 year, and that is included in the \$2,000,000,000. I think the main difference between what the gentleman from Michigan [Mr. Wolcott] had in mind and this figure is the VE-day expectations.

Mr. COOLEY. Without getting into the discussion of VE-day, what I have in mind this: Is the gentleman from Wisconsin correct in his summary of the situation, and is the gentleman from

Georgia correct in his statement that the funds provided here will carry the activities until the end of this calendar year?

Mr. BROWN of Georgia. That is right.

Mr. COOLEY. If this is cut \$1,000,000,000 by the Wolcott amendment, have we not destroyed the Commodity Credit Corporation for the remainder of the year? I hope somebody will clear that up.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, I trust this Congress and the country will understand that the legislation under consideration today, providing for millions and billions for food subsidies, is really a consumer food subsidy bill and not a farm subsidy bill. Our Government has put ceilings on farm products below cost of production. So the Government, through the Commodity Credit Corporation and other organizations, authorizes payments to make up what the farmer would otherwise lose, and to further stimulate the production of food. So the increase of \$2,000,000,000 requested is for consumer protection. So long as the limit or ceiling price on farm commodities is fixed below the cost of production, under the policy established by the Government, there is nothing else to do but provide subsidies to take care of the difference of what the producer would have been entitled if he had received a parity price for his products.

Mr. Chairman, the particular thing to which I want to direct your attention at this time is that the Commodity Credit Corporation is not the only Government agency that is disbursing subsidies from the Federal Treasury. We have another agency, the Defense Supplies Corporation that distributes millions and billions of dollars in subsidies. A big share of subsidies paid out by the Defense Supplies Corporation is to make up for what is known as the roll-back on particular items of food. Most of it really is paid to the meat packers and other food processors.

We have heard a lot of discussion today about the need of subsidies on milk and milk products. As a matter of fact we are going to need more subsidies than are now being paid if we are expected to keep up our production of milk in this country. We have been talking also about subsidies on butter, flour, meat, and sugar.

In order to make up for the so-called "roll back" price on butter alone, the Defense Supplies Corporation \$6,500,000 per month. Our Government has already expended approximately \$120,000,000 on butter "roll back" subsidies. Let us look at flour. In order to hold flour line, the processors are getting subsidies at the rate of seven and a half million dollars a month. We have already spent about \$90,000,000 in flour subsidies. Sugar has been mentioned. The Defense Supplies allocated approximately \$25,000,000 for sugar last year.

Now let us take a look at the meat situation. I mention that in particular because there is discussion about meat shortages, and about the ceiling price on live cattle as well as on the various grades

of meat. You will recall that some time ago the O. P. A. "rolled" the prices of meat back. On beef it was 2 cents per pound. Do you know that the "roll back" on the price of meat has already cost the Federal Treasury \$650,000,000. Right now we are turning over to the meat processors, to take care of the "roll back," the sum of \$40,000,000 per month.

Mr. Chairman, incidentally here are some further figures that might be of interest. There is being spent from the Federal Treasury subsidies to the tune of \$2,500,000 a month on meat shipped to countries abroad. I assume mostly under lend-lease. Subsidies on butter shipped abroad cost approximately \$500,000 per month. Last year foreign shipments of flour cost our Government around \$4,000,000.

Mr. Chairman, I do not know the extent of the commitments of the Defense Supplies Corporation in subsidies. Perhaps some member of this committee can supply this information.

Mr. STEFAN. I think these commitments of the Defense Supplies Corporation would run about \$1,000,000,000. But that is in every category, including materials, and so forth. It is true it includes flour, meat, and butter. Those are some of the items.

Mr. REES of Kansas. I thank my distinguished colleague from Nebraska for this information. He is one of the diligent members of the great Committee on Appropriations.

Mr. Chairman, I feel the Congress and the people of this country ought to know we have at least two big corporations of Government dealing with, and paying, subsidies on certain food stuffs and farm products. I believe a member of the committee in charge of this measure explained there had been a cost of \$838,000,000 under the Commodity Credit Corporation to support and stabilize the price of farm products. To make the picture complete, you will need to take into consideration the sum of \$860,000,000 to support the program of "rolling" them back. Do not forget it must all be paid in taxes. Why not have one agency, instead of two, deal with this problem. As it stands we have a sort of paradox. One agency disburses funds from the Federal Treasury to support and stabilize prices, the other distributes funds from the Treasury so it can "roll" the prices back.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, it seems to me there are only 2 questions involved here. One is whether or not we are going to authorize an agent to make a contract with producers and others and then supply him with the funds with which to carry it out. I am struck with this situation in addition. The gentleman from Michigan has announced he proposes to offer an amendment to increase the dairy production subsidy payment from \$526,000,000 to \$568,000,000. Then, as appears on page 28 of the hearings, cheese will get \$18,000,000; fluid milk, \$14,000,000; and it would give dairy products \$600,000,000 of the \$1,000,000,-

000. Yet, the same gentleman who proposes to offer that amendment proposes to cut the money down from \$2,000,000,000 to \$1,000,000,000. It does not seem to me a proper position for 1 commodity to take \$600,000,000 and limit the funds to \$1,000,000,000. I believe there are, including the basic and war crops, between 25 and 30 crops which must be protected under this fund. It seems to me that it is improper for 1 commodity to take \$600,000,000, and you will get that on page 28 of the hearings, and then leave only \$400,000,000 for wheat, for corn, for cotton, and for all of the war crops. I would much rather see you vote to cut this authority down from 2 years to 1 year than to see you vote to cut this money from \$5,000,000,000 to \$4,000,000,000. I say to you quite candidly, from my study of this matter, I think it would be a very serious mistake.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. OUTLAND].

Mr. OUTLAND. Mr. Chairman, I want to use these 2 minutes at my disposal for one purpose only, and that is to call the attention of the House to remarks made a few moments ago in debate on this bill by the gentleman from Pennsylvania [Mr. RICH]. I tried to get him to yield to me at that time. I am sorry he did not yield to me because I dislike very much going back to a point previously made. If I am not misquoting, the gentleman from Pennsylvania at that time said the person who had fooled more Americans than any other person was the President of the United States. I am astounded that any Member of Congress should make such a remark. Now, ladies and gentlemen of the House, we can debate honorably on the floor of this House; we can debate issues; but when we are engaged in war, it is no time to make remarks like that in committee or on the floor of this House about the President of the United States. They reek of partisanship, prejudice, and politics.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. OUTLAND. I certainly will.

Mr. RICH. I do not apologize for that statement in any sense of the word. I mean every word of it.

Mr. OUTLAND. The gentleman should apologize, however.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. ROE].

Mr. ROE of Maryland. Mr. Chairman, having been engaged extensively in the grain business for the last 40 years, I am keenly interested in this question. To corroborate what the distinguished gentleman from Kansas [Mr. HOPE] just said a few moments ago, grain is now being redeemed freely daily by the hundreds of thousands of bushels. In our own bank we had Commodity Credit Corporation loans of nearly \$300,000. They are nearly all paid off.

We have two different propositions in this proposal. We have the support proposition for the farmers for their basic crops. I am in favor of that. We have the consumer subsidy proposition.

I am opposed to that. It is absolutely unsound economically. I am going to vote for this amendment and the following amendment for this reason, that I want subsidies to stop just as soon as the war stops; and I hope that will be soon.

The CHAIRMAN. The gentleman from Nebraska [Mr. STEFAN] is recognized.

Mr. STEFAN. Mr. Chairman, I want to call attention to what I have been talking about for a long time in this House, namely, the fact that in the State of Nebraska there have been over 100,000,000 bushels of corn on the ground, much of it in danger of spoilage. I repeat that statement in order to get the attention of the War Food Administration in an effort on the part of the farmers, businessmen, and various organizations in Nebraska to save that corn and put it to some use. I understand some effort has been made to get us some cribbage material and additional boxcars, but that is not solving the question. I understand that 75 percent of that 100,000,000 bushels of corn is still on the ground and must be moved. It contains considerable moisture. I think it is vitally important for the War Food Administration and agencies of the Government to take some recognition of the fact that in Nebraska the farmers raised the corn that the Government asked them to raise, and that it is on the ground, in danger of spoiling.

Mr. HOPE. Will the gentleman yield?

Mr. STEFAN. I yield.

Mr. HOPE. The same situation prevails in the State of Kansas and other States in the Southwest with respect to grain sorghums, and also corn. Unless we get some relief soon many millions of bushels of grain will be lost.

Mr. STEFAN. The gentleman is absolutely right. That situation exists not only in Kansas and in South Dakota, but mainly in the State of Nebraska. I think something should have been done about it a long time ago.

The CHAIRMAN. The gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, in 2 minutes I cannot begin to say how I feel the danger that would accompany the adoption of the amendment offered by the gentleman from Michigan [Mr. WOLCOTT], and at the same time advert to observations made by the gentleman from Michigan [Mr. CRAWFORD], to the effect that surely we have not reached the point where, in passing on this bill, we will try somebody that may have committed some wrong in the Office of War Food Administration or the Food Distribution Service. I think we might just as well authorize nothing as to authorize less than the \$2,000,000,000. Already since we have been in this House considering the bill and amendments offered, we have been told that instead of the need being \$2,000,000,000, it is \$2,178,000,000, with the definite probability that if the war in Europe should come to an end that amount would be increased. The extension of the life of the Commodity Credit Corporation has nothing to do with the amounts required in this authorization for borrowing. We will come to that when that time comes.

Mr. COOLEY. Will the gentleman yield?

Mr. FOLGER. I yield.

Mr. COOLEY. What effect will the Wolcott amendment have, if adopted, upon the effective operation of the Corporation?

Mr. FOLGER. I will not make any "ifs" about it. In my opinion it will make it impossible for the War Food Administration to operate or the Commodity Credit Corporation to meet the obligations which it has already under authority of Congress, made with the farmers of this country, and led them to believe they would receive.

The CHAIRMAN. The gentleman from Michigan [Mr. Wolcott] is recognized.

Mr. WOLCOTT. Mr. Chairman, this amount has been increased from \$2,000,000,000 for 2 years up to over \$2,000,000,000 for the balance of this year. It has gotten to the ridiculous stage, so let us get back to the figures. Who knows more about this program than Marvin Jones? But first let me say that the total losses of the Commodity Credit Corporation for the 4 years 1942, 1943, 1944, and 1945, the last year being an estimate, are only \$1,208,098,481. They have under loan and owned, crops of the value of \$2,031,392,046.03, much of which will come back to them in cash when it is disposed of. All right, they have had losses of \$1,200,000,000 over 4 years. They have assets in warehouses and as security for loans amounting to \$2,031,000,000.

If you will turn to page 71 of the hearings, you will see where Marvin Jones testified as follows:

Mr. SMITH. Mr. Chairman, I wanted to ask one question about this \$2,000,000,000 figure which I believe the Senate has reduced to one and a half billion dollars. What about that, Mr. Jones?

Mr. JONES. We preferred the \$2,000,000,000 because we felt, from the psychology of the situation, it was better to have an assurance, with this commitment lasting for 2 years, that we would have the full amount; that is, it would be desirable from every standpoint. The Senate committee took action cutting it to \$1,500,000,000. I think it is probable that that will be sufficient for the period intended.

Marvin Jones thinks \$1,500,000,000 is all right for 2 years. Surely \$1,000,000,000 is enough for 1 year.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The gentleman from Arkansas [Mr. HARRIS] is recognized for 2 minutes to close the debate.

Mr. HAYS. Mr. Chairman, on page 3 of the hearings is the statement of Judge Jones who told the committee in commenting on the amount of money that was requested that \$2,000,000,000 additional authorization is needed by the Commodity Credit Corporation. I quote his language:

That is a considerable amount of money, but, as we see it, it is needed in order to have assurance in advance that we will be able to comply with the policy laid down by the Congress, and it is a policy that I regard as a wise one.

It seems to me that many of these questions that disturb us because they are terribly complicated and hard to

answer can often be resolved on the simple basis of faith in the man who administers the fund. It would be hard to find a man who holds the confidence of this Congress any more than Marvin Jones does. He has had legislative experience, he is a man of integrity, he is a wise man; and now he has had administrative experience. He states on the basis of that experience that the \$2,000,000,000 is needed.

On page 4 of the hearings he tells us why this money is needed, and then he does what every wise man does, to regard a figure as relative; and he places it against the enormous amount of money that we are spending for other munitions of war; and in the light of war costs it is a small amount of money. If all of the \$2,000,000,000 were lost to the Government it would be less than 2 weeks' cost of the war that is now in its fourth year; and I submit to the Congress that there is not any way for us to give assurance to the farmers of the country that the commitments heretofore made with them will be carried out except to continue this authorization for 2 years and to grant the full amount that Judge Jones says is necessary. The difference between dealing with industry and agriculture is that we can pay the manufacturer prescribed cash sums, we can make a contract with him, individually or at least with a few persons—but when we deal with six and one-half million individual farmers, the only way we can increase production is to lay out a plan, invite these six and one-half million farmers to agree to make commitments and that Congress will do its share by maintaining adequate prices. We must not weaken in those commitments which the Congress has previously made.

The CHAIRMAN. The time of the gentleman from Arkansas has expired; all time has expired.

The question is on the amendment to the amendment.

Mr. SABATH. Mr. Chairman, I ask unanimous consent that the amendment to the amendment be read again.

The CHAIRMAN. Without objection, the amendment to the amendment will be read.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. SABATH to the amendment offered by Mr. WOLCOTT: Strike out \$4,000,000,000 and insert \$4,500,000,000.

The CHAIRMAN. The question is on the amendment.

The amendment was rejected.

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 109, noes 103.

Mr. SPENCE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. SPENCE and Mr. WOLCOTT to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 125, noes 154.

So the amendment was rejected.

The Clerk read as follows:

SEC. 3. The last paragraph of section 2 (c) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension

Act of 1944, shall not apply to the operations of the Commodity Credit Corporation designed to support prices or obtain production of agricultural commodities, or to absorb abnormal costs in connection with the transportation of agricultural commodities and foods.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, frankly, I feel very much relieved now that the Wolcott amendment is defeated. I am very much afraid the House did not fully appreciate the ultimate effect the amendment might have upon the operations of this very important agency.

I want to speak generally about the pending measure. Perhaps a motion will be offered to recommit the bill. Much has been said about rascality of some type or another in the Commodity Credit Corporation. I agree with what the gentleman from Kentucky said in opening this debate today. We are not now dealing with individual crooks or criminals. The issue clearly before Congress at the moment is the issue of the life or death of the one agency of the Government which has contributed more to the welfare of agriculture than perhaps all the other agencies of the Government combined.

Another important issue involved in this controversy is the faith and integrity of Congress itself. The question is whether or not we intend to redeem the pledges we have heretofore made to the farmers of this Nation. Certainly there can be no political considerations in deciding questions of this importance. I think the Republicans have exactly the same interest in this measure as Democrats. Certainly I could have no interest in the passage of this law that you and you and the whole House should not likewise have.

This agency serves not only those engaged in agriculture, as has been pointed out here and as is understood by all of us, it serves the Nation at large. Through the subsidy program it protects the consumers of the Nation. By protecting the consumers of the Nation in the manner in which they are protected, to that degree the forces of inflation are controlled.

Speaking of inflation, may I divert a moment from the bill to say that I am not in accord with the views of some of our farm leaders in America who are constantly warning the investing public against investing in farm lands in this Nation. They are telling the people that land values have reached inflationary proportions; that it is no longer safe to invest in farm lands; that such an investment will bring the investor to great grief. I cannot be alarmed about inflationary farm values. Cotton, one of the great agricultural commodities of this Nation, is now selling below the cost of production, and is now being supported in a price program by the Government to the tune in an aggregate sum of \$100,-

000,000. I cannot get excited about the possibilities of land values going to inflationary levels when I realize that flax, another important crop, is selling below the cost of production; when I realize that the peanut crop of America, the entire production, is now being purchased by the Federal Government; and when I realize that other agricultural commodities are being heavily subsidized by the Government. Frankly, I do not believe that land values have reached an inflationary level. I believe that every acre of American farm land is well worth the price it will bring today on the open market. Yet these leaders of ours, some in and some out of Congress, are saying to the investing public, "Do not invest in farm land." Can you imagine the president of some public utility such as a power company or railroad company or even a banking institution, going on the radio, saying to the public, "Do not invest in the stock of this corporation; it has now reached inflationary levels." You and I know that such an officer would be faithless to his trust and would be dismissed. Yet, we from the agricultural sections, apparently countenance such propaganda as that which is being spread throughout the country warning the public not to invest in farm land. This measure, of course, is calculated to control the forces of inflation.

How can it be said that land values have gone to inflationary levels when we realize the fact that farm income has doubled in recent years and land values have not gone up in proportion nor even to where they were during the last World War.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Kansas.

Mr. HOPE. I agree with the gentleman that land values, in most cases at least, are not now at inflationary levels. But the gentleman will recall that following the last war when we did really have inflationary land values, most of the increase took place after the war ended, and that at the present time land values have gone up further during this war than they did during the last war.

Mr. COOLEY. At the same time I will remind my friend of the fact that income on the farms likewise has gone up. I will remind the gentleman further of the fact that we did not control the forces of inflation during the last war and immediately thereafter as we are attempting to do today. Neither did our national debt reach the level it has now reached. The things that alarm me are items such as this which I saw in the press yesterday, indicating that some suggestion has been made that a ceiling of some sort be placed on farm land values or that some profit tax be imposed upon the farmer when he sells his property. Pray tell me how can there be any fairness in such a proposition?

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. HOFFMAN. Do I understand the gentleman correctly to have said that the Government is now purchasing the entire peanut crop?

Mr. COOLEY. Yes.

Mr. HOFFMAN. And other crops?

Mr. COOLEY. The Government is purchasing the entire peanut crop and selling it at a profit of \$13 a ton.

Mr. HOFFMAN. If the Government can do that, how do you figure that farm values are going to fall, if the Government is going to purchase the farm crops?

Mr. COOLEY. The gentleman must have misunderstood me. I have not suggested that farm values were going to fall. They will not fall. They are going up.

Mr. HOFFMAN. They will not fall because the Government is going to purchase the crops after cutting the price; is that it?

Mr. COOLEY. No, sir. I do not think they are going to fall under our present economy nor immediately in the post-war period.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield briefly.

Mr. MURRAY of Wisconsin. Is it not true that Secretary Wickard has proposed legislation that would take 90 percent of the profit on any increased value on farm land, though other corporations get away with 25 percent?

Mr. COOLEY. I do not know about that. No such a bill or suggestion as that has been brought to my attention. Certainly, it would not be seriously considered by the Congress. With reference to this subsidy program, I am interested primarily, of course, in the tobacco crop. I am interested in cotton. I am likewise interested in the peanut crop and in naval stores. On those four crops, gentlemen, the Government has made money under this program. On peanuts, in round numbers, \$10,000,000; on cotton, in round numbers, \$106,000,000; on tobacco, in round numbers, \$8,000,000; and on naval stores approximately \$4,000,000. That is where the profit has been made. Money has been lost on other crops but I am sure that much good has been accomplished.

Just one more word about inflation: If we are not able to maintain land values and commodity prices at or about present levels, and if we are not able to maintain our national income at or about the present level, we cannot pay the national debt, which is steadily mounting. We must, therefore, maintain a high national income and to do that we must have a continuity of employment, high land values, and commodity prices.

Mr. SPENCE. Mr. Chairman, it looks as though we will be going until about 7 o'clock. I am going to object to any extension of time under the 5-minute rule. We must clear this bill tonight if we can.

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

[Mr. MURRAY of Wisconsin addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

AN ATTEMPT TO SUPPRESS THE PRESS

Mr. HOFFMAN. Mr. Chairman, the Labor Digest, purporting to be published

in behalf of labor at Indianapolis, Ind., finds the National Labor Relations Board on its trail.

It appears to be an independent labor publication, published monthly. It carries an editorial on the first page of its February 1945 issue, stating that it is in agreement with William Green, John L. Lewis, and the Tobin leadership of the teamsters' union on the proposition that the National Labor Relations Board is not all it pretends to be.

It calls attention to the fact that Lewis and many A. F. of L. leaders are now demanding repeal of the National Labor Relations Act, and then charges that an examiner for the N. L. R. B., Dorothy Craig, is touring the territory served by the Labor Digest, on Government salary and at Government expense, slandering the publication to its advertisers and subscribers because the N. L. R. B. does not agree with the editorial policy of the paper.

A letter from Miss Craig, dated January 19, 1945, on the stationery of the National Labor Relations Board, St. Louis, Mo., addressed to the H. A. Douglas Co., Bronson, Mich., reads as follows:

NATIONAL LABOR RELATIONS BOARD,
St. Louis, Mo., January 19, 1945.

H. A. DOUGLAS CO.,
Bronson, Mich.

GENTLEMEN: I am investigating a matter involving an Indianapolis publication, edited by Norman A. Zolezzi, called the Labor Digest. Investigation discloses that employees of your company have in the past received this newspaper at their correct addresses. Would you please advise me whether or not the subscription was paid for by the company, and, if so, when were these payments made? Since the company may not have subscribed or placed ads in the newspaper in the past few years, I should appreciate it if you would check your files back to 1937. Please designate whether payments were for ads or subscriptions.

I should appreciate your prompt attention to this matter.

Yours very truly,
DOROTHY L. CRAIG, Field Examiner.

That letter was called to my attention and I addressed a letter to the National Labor Relations Board at Cincinnati and at Washington, enclosing a copy of a letter received from the editor of the paper, complaining of Miss Craig's activities, and asking as to the objective of Dorothy L. Craig in making inquiries of the advertisers of the Labor Digest as to ads inserted by them and as to their subscriptions to that paper.

On March 6, I received an answer from the Washington office of the N. L. R. B., stating, among other things, that:

The sole purpose of the inquiry made of the Douglas company was in connection with the investigation of a charge filed by the United Furniture Workers of America in our St. Louis regional office. That charge alleges that Norman A. Zolezzi and others specifically named have engaged in and are engaging in unfair labor practices within the meaning of section 8, subsections (1) and (2) of the National Labor Relations Act by dominating and interfering with the formation and administration of Tri-State Wood Workers, Local No. 1, a labor organization, and by carrying on a campaign of vilification of bona fide labor organizations, and favoring an employer-dominated labor organization through the medium of the Labor Digest.

From what congressional enactment does the N. L. R. B. get authority to supervise the editorial policy of the Labor Digest or its editor?

Where does it get authority to attempt to destroy the circulation of that paper?

Whatever other purpose Dorothy may have in mind, it is quite evident that one of the results of her inquiries—the inevitable result—is to lessen the circulation of the paper; to intimidate, if that be possible, its editor.

To get more of the facts, I today introduced a privileged resolution directed to the Chairman of the National Labor Relations Board.

To me it would appear that Dorothy Craig, an examiner for the N. L. R. B., is attempting to aid a C. I. O. labor union in its organizing campaign; is endeavoring to muzzle the Labor Digest, to diminish the revenue it receives from advertisers; in short, to intimidate all who oppose the C. I. O. activities of the Tri-State Wood Workers, Local No. 1, of St. Louis, Mo.

On the theory advanced by the N. L. R. B. here in Washington, its examiners have the right to control the editorial policy of any paper which ventures to express an opinion which may be in conflict with that held by the Board's examiners or by the members of a union.

Apparently the Board claims the right to go around to the advertisers of a daily, weekly, or monthly publication and ask them whether they subscribe to the paper and their purpose in so subscribing, if they do.

Apparently it also claims the right to intimidate advertisers of any publication by threatening to show that those publications, if given to or circulated among employees, make the publisher a conspirator engaged in unfair labor practices within the meaning of the National Labor Relations law.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on the 1st day of April, the farmers of the New York milkshed will receive a body blow which will well-nigh put them out of business for the rest of the war program. I refer to a reduction in the subsidy being paid on milk, from 80 cents to 35 cents per hundred pounds on milk produced. When I say the New York milkshed I can refer in like manner to every part of the country. They are all getting about the same treatment. I cannot be reconciled to the statement I heard here today, and which has been constantly made on this subject, that the dairymen are being helped by this bill. If the policy of reducing milk subsidies by over 50 percent is carried out after April 1 every dairyman will be on the spot and will have to sweat to survive his increased production costs.

Only today I received a letter from Mr. Fred H. Sexaner, the president of the Dairymen's League Cooperation Association, a cooperative which takes care of the whole New York milkshed. He says that the farmers of that milkshed will lose \$7,500,000 under the new program that is contemplated after April 1.

Mr. ZIMMERMAN. Will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield.

Mr. ZIMMERMAN. I am very much interested in what the gentleman says but did I observe correctly or incorrectly when I thought I saw the gentleman going down the line voting to reduce the amount of money authorized for this corporation?

Mr. EDWIN ARTHUR HALL. The gentleman saw correctly, but let me remind him I have had no assurance on the floor or any other place that the subsidy policy will be continued as it is going at the present time. I will vote an increase when I am assured there will not be a reduction of over 50 percent in milk subsidies if we vote to increase this bill to \$5,000,000,000.

Mr. ZIMMERMAN. Does not the gentleman think the dairy farmers will be tremendously interested in his vote to reduce that amount?

Mr. EDWIN ARTHUR HALL. The dairy farmers know where I stand and I will be on record in their favor. I will show the gentleman when I cast my vote for increased subsidies for the dairy farmers. However, I would like to have him answer me on the floor, or someone else if he cannot, what policy will be inaugurated after the 1st of April. Are they going to reduce the milk subsidy from 80 cents to 35 cents? That is what they said they intend to do. Or will they raise it to \$1 per 100 pounds as I have advocated for so long? I would like to see a subsidy of \$1 prevail after the 1st of April.

Mr. ZIMMERMAN. I do not think I can answer nor can anyone else answer what the reduction will be after April, but it is better to put enough money in the bill to pay these farmers than to vote on the other side and perhaps not have enough money to pay them.

Mr. EDWIN ARTHUR HALL. There has been no assurance that there will be any attempt to keep the subsidies the way they are being paid out at the present time. The policy which has been announced by the War Food Administration states exactly the opposite. I think, if I understood the gentleman from Michigan [Mr. Wolcott] correctly, he mentioned that there would be enough money to play with, even if the amendment which he offered was not adopted. I will say to the gentleman from Missouri, I am ready to vote for an increase if it will go to the farmer. There would be enough money anyway for the present subsidies on milk to be paid.

I wish this program would be kept in effect. I hope that somebody will be able to answer the question I have asked again and again, Why is it necessary to cut the milk subsidy from 80 cents to 35 cents per 100 pounds after the 1st of April? I would like to have that question cleared up, and I hope somebody will answer it before we get through. To this very minute, my question has not been answered.

The CHAIRMAN. The time of the gentleman from New York [Mr. EDWIN ARTHUR HALL] has expired.

Mr. VORYS of Ohio. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

NO POST-WAR LEND-LEASE

Mr. VORYS of Ohio. Mr. Chairman, last week five of us on the Foreign Affairs Committee filed a minority report on the lend-lease extension bill voted out of our committee. We urged that lend-lease should be confined to the war effort and not extended into the post-war period as a measure for relief, rehabilitation, and reconstruction.

The gentleman from New York [Mr. BLOOM], chairman of the Foreign Affairs Committee, has announced today the text of an amendment to H. R. 2013, the lend-lease extension bill, which was unanimously adopted by our committee today and will be offered on the floor tomorrow as a committee amendment. I wish to announce that this amendment meets the objections of the minority, and, in fact, carries out the specific recommendations in the minority report, which said:

For unity we should confine its extension to the field in which we are all united on lend-lease, as a mutual war-aid measure.

Over the week end I helped to draft the amendment the committee unanimously approved this morning. It carries out in appropriate legal language the suggestions in our minority report:

To provide specifically that no agreements for post-war relief, rehabilitation, or reconstruction should be made. * * * That agreements should be made for the post-war purchase by foreign governments of war materials furnished or agreed to be furnished by our country for use in the prosecution of the present war.

Insofar as Congress can define a policy for administrative purposes the committee amendment limits lend-lease to the war period and prohibits lend-lease as a post-war policy.

I congratulate the majority of the committee upon their willingness to consider our suggestions, and I believe this amendment will be accepted overwhelmingly in the House.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 3, line 6, strike out all of section 3 and insert in lieu thereof the following:

"Sec. 3. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or

losses in excess of (1) \$568,000,000 for operations during the fiscal year ending June 30, 1946, with respect to the dairy production payment program, (2) \$120,000,000 for operations during the fiscal year ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations: *Provided*, That not to exceed 10 percent of each amount specified in clauses (b) (1), (2), and (3) shall be available interchangeably for the operations described in such clauses but in no case shall the total subsidy payments and losses absorbed under any one of such clauses be increased by more than 10 percent.

Provided further, That in carrying out the dairy production payment program, beginning April 1, 1945, the rate of payment per pound of butterfat delivered shall not be less than 25 percent of the national weighted average rate of payment per 100 pounds of whole milk delivered."

Mr. SPENCE. Mr. Chairman, that is the amendment I thought I was agreeing to some time ago. While I cannot speak for the committee, because it has not been formally presented to it, the amendment meets with the approval of the Commodity Credit Corporation and it meets with the approval of the membership of the committee so far as I have been able to consult with them and is acceptable.

Mr. KEEFE. Mr. Chairman, I want to offer an amendment to the Wolcott amendment.

The Clerk read as follows:

Amendment offered by Mr. KEEFE to the Wolcott amendment: Following the Wolcott amendment insert a new provision as follows: *"Provided further*, That any schedule for subsidy payments for milk and butterfat shall be upon a uniform basis and shall be in effect for a period of at least 12 months after announcement."

Mr. KEEFE. Mr. Chairman, I have tried to make it clear that the purpose of the Commodity Credit Corporation in handling these subsidy programs must be preserved and that it must have sufficient funds with which to operate. I could not maintain any other position than that.

This amendment goes to the very heart of the proposal in this subsidy program for the dairy farmers of this country. Let me show you what I have in mind. The Commodity Credit Corporation and the War Food Administration have announced their subsidy program for the current year ending December 31, 1945. At the present time they are paying subsidies in a range of scale from a low of 60 cents per 100 to a high of 90 cents per 100. Beginning on April 1 and carrying through to June of 1945, that scale will drop from a low of 25 cents a hundred to a high of 55 cents a hundred. In July it will be from 35 cents to 65 cents and from October to December it will go back to 60 cents low to a high of 90 cents.

That range of payment means simply this: Take, for instance, the State of Wisconsin; at the present time the farmers are receiving 60 cents a hundred for milk. That subsidy will drop on April 1 to 25 cents a hundred for milk. It will go up to 35 cents on July 1 and it will go back to 60 cents on October 1.

Down in Alabama the subsidy payments at the time the Wisconsin farm-

ers are receiving 60 cents is 90 cents, in Arizona, 70 cents, in certain counties in California it is 80 cents, in other counties it is 70 cents, in Connecticut it is 80 cents, in Delaware 70 cents, in Florida 90 cents, in certain other States 70 cents, in Massachusetts 80 cents, and so on down the line.

The point I am trying to make is this: The War Food Administration in determining the payment of these subsidies says that there are two factors entering into this variation in payment. They say, for example, that in Minnesota where they pay a subsidy of 60 cents and in Arkansas where they pay a subsidy of 70 cents there is a variation in labor costs as well as a variation in feed costs which accounts for this differential.

I have a table before me furnished by the Department of Agriculture which shows the labor costs in each one of those cases.

I defy anybody with a sense of fairness to examine those figures and show how there can be a reasonable justification for this differentiation in these subsidy payments. The amendment which I am offering simply means that these subsidy payments will be placed upon a basis of equality. There are only four States in the Union that would be affected, according to my computation, in any way by the proposal I have offered. It would put the producers of milk on a basis of equality. Can anyone say that if a subsidy of 60 cents is paid to the farmers of Wisconsin, that the milk which they produce is not as valuable in the war effort as that produced by the farmers in Florida, who receive 90 cents a hundred, where the wage scale in Wisconsin is more than double the wage scale in Florida?

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from North Carolina.

Mr. COOLEY. Can the gentleman tell us something about the comparative value of dairy feed in the different sections? He has mentioned labor, but he failed to mention the feed as a factor.

Mr. KEEFE. As to feed being a factor, may I say that time will not permit me, and I do not want to be diverted to go into that, for I only have 5 minutes. But we have made a pretty fair examination and estimate of that situation, and I say that when you take the factor of labor and set it alongside of the feed factor, there is no possibility, in my judgment, of justifying these differentials that are to be found in the War Food Administration announcement.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from New York.

Mr. REED of New York. And also the factor of weather.

IN OPPOSITION TO AMENDMENT TO WOLCOTT AMENDMENT

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, if this amendment is adopted to the Wolcott amendment, the chairman of the committee the gentleman from Kentucky [Mr. SPENCE] says that

he will be under no further obligation to support the Wolcott amendment. He will be opposed to it and I will too, as well as other Members on our side. It would ruin the amendment entirely. We expect to support the Wolcott amendment if this amendment is not tied on. This amendment cannot be discussed intelligently in 5 minutes. It is a far-reaching amendment. We have never had a hearing before our committee on it. We do not know how far it goes. The gentleman did not present his proposal to our committee in order that we might give it consideration.

I appreciate the fact that one should be on the alert to help the people in his own State and in his own district, and I congratulate the gentleman for trying to help his own dairy farmers. It so happens that Wisconsin will be helped, that is true, but I dare say there are other States that will receive a reduction in dairy production payments. If the Keefe amendment is adopted it will probably reduce the production of dairy products in the following States. This information was given to the chairman of our committee the gentleman from Kentucky [Mr. SPENCE], by the Commodity Credit Corporation and the War Food Administration. So while Wisconsin will get an increase, these States will have a reduction in price and probably a reduced production of dairy products.

Maine, Vermont, New Hampshire, Connecticut, Massachusetts, Rhode Island, New York, Pennsylvania, New Jersey, Delaware, Maryland, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Louisiana, Mississippi, Alabama, Arkansas, Oklahoma, Texas, Colorado, New Mexico, Utah, Arizona, Nevada, California, Oregon, and Washington. Those 31 States will have definite reductions at once. So I do not think this amendment should pass. It will be very harmful to the industry. There has never been a charge to my knowledge that Mr. Marvin Jones, of the Commodity Credit Corporation, has been unfair and arbitrary in fixing—

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I am sorry; I cannot yield now.

Mr. CASE of South Dakota. I am going to make that charge right now.

Mr. PATMAN. Has been unfair and arbitrary in fixing these rates. The gentleman from South Dakota makes a charge, so he is one. Possibly there are many others; I do not know. But, anyway, if we do not get the prices that we want, sometimes we are prone to exaggerate just a little bit about the unfairness of the entire program. Certainly we do not want to adopt an amendment here on the floor which we do not know how far it goes. We appreciate the efforts of the gentleman from Wisconsin and know that he looks after the interest of his constituents. I congratulate and commend him for it, and I know he is sincere in placing this amendment before the House. But he has not given us an opportunity to consider it the same as he has considered it. So I suggest to him that he introduce a bill and let it

come before our committee, and I suggest that the chairman will be glad to give him a hearing on it, and let us go into it, see how far it goes, and see how it will affect the entire production. This is no time to cut down production. This is the time to increase production. This amendment, if I have the information correctly, will have a tendency to and probably will reduce production of dairy products in this country and seriously affect the dairy farmers in 31 different States.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Does the gentleman have any objection to the proposal that would provide that the announcement of subsidy payments shall be for a period of 12 months?

Mr. PATMAN. I would love to hear the gentleman on that before the committee, where we could hear the other side, if there is another side. Sometimes things sound very good on this floor, and we do not have the other side; we do not have all the information. That is the object of the committee hearing. If the gentleman will present that to the committee—and I know he will present it in a very effective and intelligent way—then if there is another side to it, we can get the other side and bring it over here in the form of printed testimony, and every Member can take this testimony and read it and be in a position to vote intelligently on it.

Mr. KEEFE. I submitted both of these amendments to the chairman of the Committee on Banking and Currency.

Mr. SPENCE. Not until long after the hearings; not until the day before yesterday.

Mr. KEEFE. Was I incorrect in the assumption that the gentleman would have no objection to that part of the amendment which provided that the announcement of the dairy payments should be for a 12 months' period?

Mr. SPENCE. I expressed no opinion about the gentleman's amendment, except that I was opposed to the amendment.

Mr. PATMAN. Do not ask us to bring up something here that we know so little about, and ask us to vote on it and make it a part of the law, when we have had no hearings on it. We have had no testimony except just the word of the gentleman. I am not disputing him, I am not saying he is not correct, but I want to know all about it before I vote on it. I hope the gentleman will not insist on it.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kentucky.

Mr. CHELF. The gentleman said 31 States would suffer. Is Kentucky listed in there any place?

Mr. PATMAN. Yes; I think Kentucky is, but I am not sure.

Mr. CHELF. The gentleman did not call it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on

the Wolcott amendment and all amendments thereto close in 20 minutes.

Mr. MURRAY of Wisconsin. Reserving the right to object, Mr. Chairman, I tried to appear before this committee and give the facts that the gentleman is now saying he does not have. I want the privilege of giving these facts to the House.

Mr. VOORHIS of California. Reserving the right to object, Mr. Chairman, I have another amendment to the Wolcott amendment.

Mr. SPENCE. Mr. Chairman, I move that all debate on the Wolcott amendment and all amendments thereto close in 20 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair has the following Members listed as those seeking recognition: Mr. VOORHIS of California, Mr. ERVIN, Mr. AUGUST H. ANDRESEN, Mr. GROSS, Mr. MURRAY of Wisconsin, and Mr. CASE of South Dakota.

Mr. KEEFE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEEFE. Do I understand the motion of the gentleman from Kentucky [Mr. SPENCE] is that the time on the pending amendment and all amendments thereto, shall be limited?

The CHAIRMAN. Yes; that debate close in 20 minutes.

Mr. KEEFE. Mr. Chairman, I have another amendment to offer to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The CHAIRMAN. The gentleman from Wisconsin [Mr. KEEFE] cannot offer a further amendment until the pending amendment, which was offered by him, is disposed of.

Mr. KEEFE. Mr. Chairman, I ask that the Chair note that I am on my feet as one of those seeking recognition.

The CHAIRMAN. The gentleman will be so noted.

Mr. VOORHIS of California. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VOORHIS of California. Do I understand the interpretation of the Chairman with regard to the motion of the gentleman from Kentucky [Mr. SPENCE], is that it covers the Keefe amendment and all amendments thereto?

The CHAIRMAN. It covers the Wolcott amendment and all amendments thereto.

Mr. DOYLE. Mr. Chairman, I was on my feet seeking recognition.

The CHAIRMAN. The gentleman will be included in the list.

Mr. MONRONEY. Mr. Chairman, I was on my feet seeking recognition.

The CHAIRMAN. The name of the gentleman will be added to the list.

The Chair recognizes the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, is it to be hoped that the Wolcott amendment will be adopted? I trust that the amendment offered by the gentleman from Wisconsin [Mr. KEEFE] will also be accepted. About one-third of the milk supply which goes into commercial channels of this country comes from 3 or 4 Northwestern

States. Those States have been discriminated against so far as the ceiling price to the farmers is concerned. On the average, the State of Wisconsin farmers received about 59 cents less per 100 pounds for their milk than the farmers of the other 47 States of the Union. Undoubtedly, the same ratio is true as to Iowa and Minnesota.

That is a differential which has been fixed by another administrative bureau, so that the 60 cents subsidy which the Wisconsin farmers have been supposed to be receiving for milk does not bring up the price of their milk to the average throughout the country.

The gentleman from Texas [Mr. PATMAN] has enumerated a number of States which would have a reduction in subsidy if this amendment were adopted. However, he fails to state that it is the higher prices which the farmers of those States receive for milk which bring up the average price for the whole country. Iowa, to get the same average price of other States, leaving Wisconsin out of the computation, would have to have at least 65 cents merely to equalize that differential in price.

The purpose of this subsidy program is supposed to increase production. I can say to you people that out in the Northwest, where the larger part of your milk comes from, there is going to be a steady decline in production. In the last 3 weeks, in my own district, which is one of the largest districts of the Northwest, there have been not less than 100 farm auction sales. Only this morning I received an urgent letter from a man by the name of John Carter, a Republican, a prominent businessman of Menominee, telling me there are going to be 7 farms vacant on one highway in the midst of that very rich farming section, all relatively close to each other.

He wanted to know if something could not be done about it. I am not so sure there is anything that can be done at this time about those particular farms, but even with the incentive payments, which by the way are consumer subsidies and not farm subsidies, of 60 cents per 100 pounds, the farmers are selling off their stock and leaving their farms, and many farms will be idle.

Another phase of this situation is that some of this same milk, for which the farmers of our State receive a less amount in subsidies after April 1, when it is going to be only 25 cents per 100 pounds, is shipped out by the large dairy companies into eastern States where they have a higher price and a higher subsidy, and is being sold on the consumer markets in the eastern States on the same price level with that milk which receives a higher subsidy and a higher price, produced in nearby sections.

It does seem to me if we are going to increase production, or if we are going to hold up production, something must be done so that the farmers out there in the Northwest shall receive equality of treatment as far as these payments are concerned.

There is another angle to this situation. There is a great shortage of butter in this country, and it is getting worse every day. That shortage of butter is largely

due to the fact that under the so-called subsidy system a higher subsidy has been paid for milk which goes into cheese, whole milk sales, and whole milk powder than for butter. The effect of that 6 or 7 cents a pound more for butter fat for those commodities is being reflected in the lessened butter production.

Unless something is done, in another year there will be a very serious situation as far as dairy products are concerned. They are highly important. They are not only important to the health of the people of this country, but they are of vital importance to the health of our armed forces. Thirty-nine percent of the food cost for the armed forces is for dairy products.

(Mr. HULL asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. ERVIN].

Mr. ERVIN. Mr. Chairman, I want to address my remarks to the Keefe amendment. It ought not be adopted and I will tell you why. The gentleman who just preceded me said the purpose of the subsidy was to increase production. That is only one of the purposes. Another purpose of the subsidy is to prevent inflation, but the principal purpose of the subsidy was to enable the dairymen to operate without a loss.

You will remember when the first stabilization act was passed there was a provision in there that the price-fixing authorities could not fix the maximum price of certain agricultural products below parity. At that time the price of feed products or dairy feed was away below parity. Under that act the price of feed rose to a considerable extent. While the price of feed was rising the maximum ceiling price on milk did not rise. It remained where it was. In various parts of the country feed can be raised much cheaper than in other parts. In Detroit, Mich., they can make automobiles a great deal cheaper than we can make them down South. Down South we can raise cotton cheaper than you can in Michigan. You know and I know that the price of dairy feed varies in various parts of the country. The Commodity Credit Corporation has made a study of the varying prices of feed products in various parts of the country. They have found that in some parts of the country dairymen have to buy their feed, whereas in others they are able to grow it. By reason of the fact that they have to buy it in some places, those who had to buy it would have been crushed to death if it had not been for the subsidy. By reason of the investigation of the Commodity Credit Corporation different subsidies are allowed in different States to make up the differential in the cost of producing that feed. If the Keefe amendment were adopted it would crush the farmers in those States where subsidies would be decreased. The gentleman addressed his remarks to the difference in the cost of labor. He did not have time to answer the question of the gentleman from North Carolina [Mr. COOLEY], who asked him to direct his attention to the difference in the feed cost. He said he did not have time to do that. If he had had time and if he

had called to your attention the diversity in the cost of producing feed in various parts of the country, his argument would have fallen of its own weight and he would have proven conclusively that his amendment should not have been adopted.

I hope it will be defeated.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. GROSS] is recognized for 2 minutes.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I have listened to more ridiculous arguments on this agricultural subsidy here today than I ever thought I would have to. The farmers of the country are laughing at the ignorance displayed in this House on this matter. Here comes a gentleman from the South pleading for us to help the poor peanut growers, and then telling us in the same breath that the Government has taken their entire production and they are making \$13,000,000 out of it. It is ridiculous that such a statement should be reported to a body that is supposed to have the intelligence this body has. Why did not the Government let the growers make those millions?

The farmers in my district are not asking for this milk subsidy. I know of one man who has refused a \$700 subsidy on his milk. This paternalistic Government is simply trying to throw the money around like the Lord causes the rain to water the earth, thinking they will get votes. Behind it all is the desire to get votes on the part of the administration and on the part of Congressmen who are voting for such programs. This will not help the farmer any more than putting a ceiling price on cattle helped him. I was on the fat-cattle market this morning, and well-finished cattle were bringing just a dollar and a half below the ceiling because nobody would recognize that they were thoroughly finished. The Government is penalizing the farmer on the one hand yet trying to help him on the other. Because of the ceiling on hogs there were not enough hogs to make a market. The black market is getting the livestock.

As far as the milk subsidies are concerned, in Wisconsin they make the cheapest milk in the country. There comes an up-State Representative from New York demanding 100-percent milk subsidy. Ridiculous. I know what I am talking about. What we need is for this administration to be honest with itself and with the people, for the Congressmen to be honest with themselves and the people they represent. Admit the facts and be guided accordingly. The many farm sales talked of is the regular spring procedure. If the farmers need so much help now where will the help come from in the post-war period? At the many farm sales now being held livestock and equipment is selling high and farmers are paying cash. That speaks for itself.

To boast about farmers paying their loans from Commodity Credit is foolish; you must remember they paid because they had the good fortune of a rising market, and the rising market was due to the war and not because of anything

the administration did during the preceding 12 years. And still the Commodity Credit lost a lot of money. Had we not had a war only God knows how much money it would have cost the taxpayers. If the whole subsidy program were thrown out of the window the farmer would be better off, feel more independent, and the taxpayers would be relieved.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The gentleman from California [Mr. DOYLE] is recognized for 2 minutes.

(Mr. DOYLE asked and was given permission to revise and extend his remarks.)

Mr. DOYLE. Mr. Chairman, I cannot fail to speak extemporaneously for the 2 minutes allotted to me in this important debate. I speak in behalf of the great dairy industry of the great Eighteenth Congressional District of my native State of California. Regardless of what the gentleman from Pennsylvania, who has just preceded me, had to say about milk producers not asking for or needing subsidies to survive, one of the first important groups in my district which called upon me after my election to this high post was a responsible group of leaders of the dairy industry from that portion of Los Angeles County which I represent in this House, and which group also included responsible leaders of this vital industry from other portions of this great county of Los Angeles as well. Gentlemen, they made it emphatic and clear that the dairying industry in this time of global war with its emergencies, demands, and necessary controls could not survive very long unless they continued to have subsidies on their production. I shall therefore vote against the proposed amendment, which would take away all, or practically all, of their subsidies. I shall vote for the bill which not only does that which is so vital to the dairy industry in my district, but likewise protects the Nation against an apparent result of slight inflation, at least, if the bill is defeated.

For your information, the Eighteenth Congressional District of California contains the great shipbuilding industries of Consolidated, Craig, and the great aircraft industries of Douglas and Consolidated Vultee, and the great naval base named Roosevelt, and the great naval drydocks—the largest in the world. The total war workers population of these industries and plants above enumerated, together with thousands upon thousands of war workers in lesser war plants and industries numerically, but not strategically, must be computed in figures around at least 200,000. Besides these already there, the great and rapidly rising population, as a result of the influx to southern California, the thousands upon thousands every month from most of the States you gentlemen represent, in order to aid in the war effort, indicates the strategic importance of the Eighteenth Congressional District, as to population, as to war production, as to housing problems, as to food necessities. In one corner of my district is the great dairy industry of which I speak. It produces the sinews of war in the content of milk and dairy products. It is equally important

with ammunition. Wars must cease. We cannot aid the war effort by now upsetting the economy of the dairying industry.

The dairies of the great Eighteenth Congressional District of California, which I have the honor to represent, as well as dairies throughout my native State; the men and women of the armed forces as are located in California; and thousands and thousands of war workers in my district working hard in essential war industries will be affected if this bill fails to pass. It is presently an order providing for payment of adjusted dairy feed payments to milk producers and will expire March 31, 1945—so the War Food Administration interpreted that the Price Control Act of 1944 only permits payments of a subsidy if that program of production was provided for at the specified time the act was finally passed.

In southern California the dairy subsidies vary from 55 cents per hundred pounds for a short period to 90 cents per hundred pounds for a short period. In April 1944 War Food Administration gave notice that faith payments to dairies could be continued for only 11 months; but this assured producers the necessary financial aid to guarantee a steady flow of milk until the expiration of 11 months. This 11 months ends March 31, 1945—the 31st of this very month.

There is no question but that dairy-feed subsidies must absolutely be continued. Milk is basic food for civilians, the armed forces, at home and abroad, our allies, and to the nations we have already and will liberate. The great dairying industry of my congressional district is needing their checks from War Food Administration every month instead of every 3 months, as is the present practice—not every producer of milk—but many. I find the administration of this necessary security for a steady flow of milk is very cooperative, and Mr. Dodds told me this very morning that they would try to see that this further cooperation is extended. Congress must not break faith with this great section of agriculture.

We must defeat this amendment, which would almost immediately react with destruction to great dairying interests and to the supply of food and necessities in my district.

The CHAIRMAN. The time of the gentleman from California has expired.

The gentleman from Wisconsin [Mr. MURRAY] is recognized for 2 minutes.

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Chairman, there is no Member who can stand here and justify a difference in subsidy on this milk who wants to be fair minded, who wants to be honest about it. When you talk about the fixed price of milk you must realize that that was pretty well established before we got into the war. But on this subsidy question there is no man who can give any logical reason why there should be any difference in subsidies. Of course out in the State of Washington they have a labor scale of \$149 a month, in Cali-

fornia, \$145, and down South they pay as low as \$38. If the representatives from Washington, Montana, and these other States with high labor costs want to humbly submit to a subsidy program that gives States with \$38 to \$50 per month labor costs a subsidy much greater than their States are to receive that is their responsibility. One has to have many sips from the New Deal fountain of philosophy to like this kind of legislation. There is much difference in the cost of farm labor. Then there is the difference in the cost of feed. You will find all these figures in the RECORD on page A878 of the RECORD of February 26, 1945. This table shows that cottonseed meal O. P. A. ceilings are \$47.50 per ton in North Carolina; \$46.50 per ton in Atlanta, Ga.; \$53.90 per ton in Minneapolis, and \$51.50 in Milwaukee. A year ago cottonseed meal was \$10 a ton cheaper in North Carolina than in some of the northern States.

Naturally the linseed meal produced in the North would be cheaper in the North than in the South because there is the cost of transportation entering into the picture. But when you take the cost of labor and feed, the cost of producing milk, there is no living man who can justify any difference in the subsidy payments that is based on what the W. F. A. has done in the past or on what it has shown it intends to do in the future.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from North Carolina.

Mr. COOLEY. Does not the gentleman know that in some dairy sections there is a feed shortage, and they are definitely known as feed deficit areas; that in those areas, North Carolina, for instance, they pay as much as \$55 a ton for hay? I dare say the gentleman is not paying any price like that in Wisconsin.

Mr. MURRAY of Wisconsin. I do not want to get into any sectional argument in connection with this thing, but I do want to call attention to the fact that no living man can stand up here and justify the statement that a hundred pounds of milk in one State will win this war any more than a hundred pounds of milk in any other State. Anyone that wishes to take any other position is welcome to do so. I usually use the term "sectional favoritism," but cheap New Deal politics would be a more appropriate phrase to use in connection with a subsidy program that gives one small group a subsidy two and one-fifth times greater than the large group that produces the milk of the Nation.

The New Deal cannot change its ways even during wartime. In the parlance of the barnyard, these New Deal calves are hard to wean.

Mr. Chairman, under leave to extend my remarks, I wish to say that it is regrettable that the gentleman from Kentucky [Mr. SPENCE], the chairman of this committee, moved to cut off the debate on this important question of equality of subsidy payments. This is all the more surprising when one notes that Kentucky is to receive 25 cents per hundred subsidy on April 1, though Kentucky received only \$3.20 per hundredweight

market price in 1944, less than the national average. When one compares this Kentucky price of \$3.20 per hundredweight and the 25-cent subsidy, or a total price of \$3.45 per hundredweight, with the market price of \$4 to \$4.80 in the States that are to have two and one-fifth times the Kentucky subsidy, it is still all the more surprising.

Of the increase in national milk production in 1944 over 1943, over one-third of this increase in production came from Wisconsin alone.

The War Food Administration provided the Wisconsin farmer \$2.70 per hundredweight for their milk in 1944 when the national average price of milk was \$3.24. Wisconsin farmers received forty-nine millions in so-called subsidies in 1944, but if they had had the additional 54 cents per hundredweight they were entitled to they would have received over 70,000,000 more for their milk. If the W. F. A. administration had provided the Wisconsin producers \$3.24 per hundredweight for their milk, as they did the other States on an average, there would not need be any talk about subsidies as far as Wisconsin is concerned.

However, the New Deal is for the few at the expense of the many. It could not even pass an act based on equality for all. There would have to be "special privilege" for the few and this bill provides the "special privilege" for the few, so it is typical New Deal legislation.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The Chair recognizes the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, during the remarks of the gentleman from Texas I made the charge that these subsidy prices are arbitrary. Let me give you the figures on that.

Let us take a comparison between the States of South Dakota and Texas. The farmers in South Dakota last year received an average price of \$2.65 per hundredweight for milk, while in Texas they received \$3.60 per hundredweight, \$1 more per hundred. In North Carolina they received \$4 per hundredweight, \$1.35 more. That is 50 percent more than they received in South Dakota.

Now, what about labor costs? In South Dakota the composite labor cost as given in the tables placed in the RECORD of February 26 by the gentleman from Wisconsin [Mr. MURRAY], was \$94. In Texas it was only \$74, and in North Carolina it was only \$50.90.

What about feed costs? Here are the figures I have, which show that the price of cottonseed meal at the St. Paul-Minneapolis terminals in Minnesota was \$53.90. On the other hand, in North Carolina it was only \$47.50.

Now what about the subsidy payments? In spite of the fact that the O. P. A. price ceilings are such that milk producers averaged \$4 in North Carolina per hundred pounds and \$3.75 in Texas in 1944 against \$2.60 in South Dakota with wages and protein feed costs higher in South Dakota, the administrators of the subsidy program, whoever they are, paid a 55-cent subsidy in North Carolina and a 35-cent subsidy in Texas against a 25-cent subsidy in South Dakota.

The program as announced for this year is even worse in that the subsidy goes up to 90 cents in some States and to 70 in some of the 55-cent States for certain periods while the comparable advance in South Dakota in those months is to 35 cents only.

In other words, there is rank discrimination in that, while feed and labor costs are higher in South Dakota, and while O. P. A. ceilings held prices lower, the milk subsidy was lower. And that continues in the new program. Therefore, I make the charge and I repeat it, that the subsidies allowed by the operators of this program have been arbitrary and discriminatory and do not reflect a proper consideration of the elements supposed to be considered.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

The Chair recognizes the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I favor the Wolcott amendment because I believe that when adopted we will secure a greater production of dairy products and also a larger production of butter which is so necessary to maintain our civilian economy and meet our war commitments. This amendment will equalize the payments for dairy products and place butterfat on an equal basis with milk.

I also favor the Keefe amendment. I never could quite understand why sections of the country where they produce dairy products in large quantity should be penalized as against other sections. All the Keefe amendment does is to make the payment of subsidies uniform as long as the subsidy program is the policy of the present administration.

The dairy farmers of Minnesota and other States do not want subsidies, but they are forced to take them to maintain incomes, and as long as we have this policy we believe the payments should be uniform throughout the country. The historic dairy sections are in a much better situation to increase milk and butter than new producing areas, and I believe it only fair that all dairy farmers should receive the same payments. Therefore, I hope that both the Keefe amendment and the Wolcott amendment will be adopted.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The Chair recognizes the gentleman from California [Mr. VOORHIS].

[Mr. VOORHIS of California addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I regret that I cannot go into this matter as I would like to in this very limited period of time. It was my purpose to offer the amendment which I did offer and in the event that amendment was not acceptable to the House, I proposed to offer a further amendment which would simply provide that the schedule of sub-

sidy payments for milk and butterfat shall be announced to be in effect for a period of 12 months. That is a perfectly sensible amendment as I believe every man on this floor who knows anything about the dairy program will concede. I hope that you just will not throw this out of the window as being another foolish amendment and say that it is dictated by sectional desires or because the gentleman from Wisconsin is trying to get something that he is not entitled to. I hope that when this amendment is offered you will accept it, and especially you people who know what the dairy business of this country is and why it is so necessary that the farmer know what his program is to be for a year. They have to plan their feed. They have to plan their production schedule, and as the matter stands now under the prevailing announcement they do not know what to plan for, because the announcement ends December 31, 1945. If you want dairy production you have got to assure the people that really produce the milk that they can afford to go out and pump high concentrate feed into their cows in the winter time so that they will bring the milk out in the spring and in the fall.

[Mr. MONRONEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KEEFE] to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendment to the amendment was rejected.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California to the amendment offered by Mr. WOLCOTT: At the end of the Wolcott amendment add the following: "Provided further. That subsidy payments to milk producers under the program dealt with in this section shall upon application by a recipient of such subsidy be made one each month."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California to the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. KEEFE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEEFE to the amendment offered by Mr. WOLCOTT: At the end of the Wolcott amendment insert a new proviso as follow: "Provided, That any schedule of subsidy payments for milk and butterfat shall be in effect for a period of at least 12 months after announcement."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin to the amendment offered by the gentleman from Michigan.

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendment was agreed to.

The Clerk read as follows:

SEC. 4. The first two sentences of section 1 of the act approved March 8, 1938 (52 Stat. 107), as amended, are amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

SEC. 5. The first sentence of subsection (a) of section 7 of the act approved January 31, 1935 (49 Stat. 4), as amended, is amended by striking out "June 30, 1945" and inserting in lieu thereof "June 30, 1947".

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 4, line 8, strike out "June 30, 1947" and insert in lieu thereof "June 30, 1948."

Mr. WOLCOTT. Mr. Chairman, I do not know of any particular reason why the debate on this amendment should be prolonged. We covered it very well, I think, when we were discussing the first amendment, which had to do with the amount which we were to make available to the Commodity Credit Corporation. But there is a fundamental reason, it seems to me, why we should restrict the life not only of this Corporation but of all the Government agencies which come up here periodically, and it is simply that we live today in a changing world. We do not know from one week to the next what the demands are going to be on Government. No citizen knows from one week to the next what his obligation to the Government is going to be. Surely we cannot look much beyond a year and determine with any degree of certainty what demands are going to be made on the Government in respect to this and many other programs. Because of these constant changes, it seems to me that we do our duty to our constituents only when we make it possible for us to review these agencies periodically, and "periodically" in this case means at least once a year.

Seldom, if ever, have we continued the Commodity Credit Corporation for more than a year. There is no reason why we should continue it for more than a year. Next year we might want to write entirely new standards in respect to its operation. We might want to enlarge the operation of this corporation or we might want to limit its operation, to fit it into the post-war economy. There are many things we must consider next year. This is but one element, one factor, and but one piece of a major program. To name some of the other elements beside the Commodity Credit Corporation, there is the O. P. A., the Reconstruction Finance Corporation, Lend-Lease, the Export-Import Bank, Bretton Woods, and many

others. We owe it, not only to our constituents, but to ourselves, to review this agency and the other agencies at least once a year. I plead with you as representatives of a constituency, which I think demands of you at least that you consider what is going on in Government, to make it possible to review this agency next year. It is all the more advisable because of what has been brought up here in the last few weeks, whether we believe it or do not believe it. The fact that there are rumors indicates the necessity of keeping our hands on the Commodity Credit Corporation and all of the other agencies. We should not lose the opportunity to check this and the other agencies just as often as we possibly can. We are not doing our duty under the Constitution to our constituents unless we do. For that reason, I think we are doing all we are expected to do by continuing the life of this corporation for 1 year. They have to come back here next year anyway. The subsidy provisions which we have just adopted make it essential that the Commodity Credit Corporation come back to us next year. Then, if we want to continue it beyond that time, we will have the opportunity just as we will have the opportunity to limit the scope or broaden the scope of its activities at that time.

Mr. SPENCE. Mr. Chairman, I move that all debate on this amendment close in 5 minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I am surprised that this amendment would be offered after the amendment to reduce the amount to \$4,000,000,000 was defeated. It seemed to be part of the same thing. Therefore, since that amendment was defeated, it occurs to me there should not be any question about the defeat of this amendment. The Commodity Credit Corporation has always been extended for 2 years every time until last year when we had the subsidy fight and then we extended it for 1 year on account of that fight. But the people who opposed subsidies are now in favor of subsidies. That subsidy fight being no longer in existence, we should back its extension for 2 years.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield for a correction?

Mr. PATMAN. Certainly, I yield to the gentleman if he insists, although I hardly have any time.

Mr. WOLCOTT. The gentleman from Texas misspoke himself when he says we have always continued the Commodity Credit Corporation for a 2-year period.

Mr. PATMAN. Yes, that is my understanding, until we had the subsidy fight, and then it was extended 1 year.

Mr. WOLCOTT. It was extended then for 6 months when we had the subsidy fight, after that it was extended for a period of a year.

Mr. PATMAN. I know that was temporary, and then we extended it for 1 year. I am speaking from memory and could be mistaken about the 2-year period with the one exception of 6 months and the other of one year, but I do not think I am.

The Committee on Banking and Currency carefully considered this bill.

Mr. WOLCOTT. Will the gentleman yield further?

Mr. PATMAN. I hope the gentleman will not insist. My time is very limited.

Mr. WOLCOTT. I just wanted to ask the gentleman if he remembered any year in the last 8 or 10 years when we did not have Commodity Credit Corporation before us on this floor?

Mr. PATMAN. I am not going into that.

The Committee on Banking and Currency carefully considered this bill. It should be passed as it is. Judge Jones says it is necessary. The Administration says it is necessary. It is a war measure. We need it not only to help keep down prices and to prevent inflation, but we need it for the purpose of getting needed food for our armed forces and the civilian population at home and for our Allies abroad. It is just as much a war measure as a measure appropriating billions of dollars to make planes, tanks and ships and guns and munitions. It is purely a war measure and we should not be running any risk about it.

The Hon. Marvin Jones has made a wonderful record. Something was said about spoilage. Last year the War Food Administration bought \$2,700,000,000 worth of food. Do you know how much spoilage there was? Only \$7,000,000. That means that \$1 out of \$385 was lost in spoilage. That means about 25 cents on every \$100 only was lost in spoilage. I do not think any organization, whether Government or whether private business, can make a better record than that. They are now buying \$5,000,000 worth of food every day.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. When the first amendment offered by the gentleman from Michigan was under consideration, reducing the amount from \$5,000,000,000 to \$4,000,000,000, of course, we all understood that this particular amendment was involved in that also. The gentleman from Michigan, [Mr. Wolcott] has said "we are living in a changing world," and that is true. He also said, "we do not know what the demands will be on government," but in connection with this, there is one fact that cannot escape my mind and that is something that the Congress itself did. In the last Congress we promised support prices of 90 percent of parity or upward, on certain farm commodities for the period of the war and for 2 years thereafter. I do not think the changes that will take place in the post-war world for 2 years in relation to farmers will be so marked that the amendment of the gentleman from Michigan should be adopted. I hope the Congress will keep its promise to the farmers of this country by continuing this act for 2 years and that the amendment offered by the gentleman from Michigan [Mr. Wolcott] will be defeated.

The CHAIRMAN. The time of the gentleman from Texas has expired.

All time has expired.

The question recurs on the amendment offered by the gentleman from Michigan [Mr. Wolcott].

The question was taken; and on a division (demanded by Mr. Wolcott) there were—ayes 101, noes 119.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 2023, and pursuant to House Resolution 167, reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll; and there were—yeas 358, nays 8, not voting 66, as follows:

[Roll No. 36]

YEAS—358

Abernethy	Chelf	Gamble
Adams	Chenoweth	Gathings
Allen, Ill.	Chipfield	Gavin
Allen, La.	Church	Gearhart
Andersen,	Clements	Geclan
H. Carl	Cochran	Gibson
Anderson,	Coffee	Gifford
N. Mex.	Cole, Kans.	Gillespie
Andersen,	Cole, Mo.	Gillette
August H.	Cole, N. Y.	Gillie
Andrews, Ala.	Colmer	Goodwin
Andrews, N. Y.	Cooley	Gordon
Angell	Cooper	Gore
Arends	Corbett	Gorski
Arnold	Courtney	Gossett
Bailey	Cox	Graham
Baldwin, Md.	Cravens	Granahan
Baldwin, N. Y.	Crawford	Granger
Barden	Crosser	Grant, Ala.
Barrett, Pa.	Cunningham	Grant, Ind.
Barrett, Wyo.	Curtis	Green
Barry	D'Alesandro	Gregory
Bates, Ky.	Davis	Griffiths
Bcall	De Lacy	Gross
Beckworth	Delaney,	Gwynn, N. Y.
Bell	James J.	Gwynne, Iowa
Bennet, N. Y.	Delaney,	Hale
Bennett, Mo.	John J.	Hall,
Biemiller	Dickstein	Edwin Arthur
Bishop	Dingell	Hall,
Blackney	Dolliver	Leonard W.
Bland	Domeneaux	Hallock
Bloom	Dondero	Hancock
Bonner	Doughton, N. C.	Hare
Boykin	Douglas, Calif.	Hartless, Ariz.
Bradley, Mich.	Douglas, Ill.	Harness, Ind.
Bradley, Pa.	Doyle	Harris
Brehm	Drewry	Hartley
Brooks	Durham	Havener
Brown, Ga.	Dworshak	Hays
Brown, Ohio	Earthman	Healy
Brumbaugh	Eberharter	Hébert
Bryson	Elliott	Hedrick
Buckley	Ellis	Heffernan
Buffett	Ellsworth	Hendricks
Bulwinkle	Elston	Henry
Bunker	Engel, Mich.	Heslton
Burch	Engle, Calif.	Hess
Burgin	Ervin	Hill
Butler	Fallon	Hinshaw
Byrne, N. Y.	Feighan	Hoch
Byrnes Wis.	Fellows	Hoeven
Camp	Fenton	Hoffield
Campbell	Fernandez	Holmes, Wash.
Canfield	Fisher	Hook
Cannon, Fla.	Flannagan	Hope
Cannon, Mo.	Flood	Horan
Carlson	Folger	Howell
Carnahan	Foland	Huber
Case, S. Dak.	Fulton	Hull
Celler	Gallagher	Jackson

Jarman	Murdock	Sasscer
Jenkins	Murphy	Savage
Jennings	Murray, Tenn.	Schwabe, Mo.
Jensen	Murray, Wis.	Schwabe, Okla.
Johnson, Calif.	Neely	Scrivner
Johnson, Ill.	Norrell	Shafer
Johnson, Ind.	Norton	Sharp
Johnson, O'Brien, Ill.	O'Brien, Ill.	Sheppard
Luther A.	O'Brien, Mich.	Short
Johnson, Okla.	O'Hara	Simpson, Ill.
Jonkman	O'Konski	Smith, Va.
Judd	O'Neal	Smith, Wis.
Kee	Outland	Snyder
Keefe	Face	Somers, N. Y.
Kefauver	Patman	Sparkman
Kelley, Pa.	Patrick	Spence
Kelly, Ill.	Patterson	Springer
Keogh	Peterson, Fla.	Stefan
Kerr	Peterson, Ga.	Stevenson
Kilburn	Pfeifer	Stigler
Kilday	Phillips	Stockman
King	Pickett	Sullivan
Kinzer	Pittenger	Sumner, Ill.
Kirwan	Ploesser	Sumners, Tex.
Knutson	Plumley	Sundstrom
Kopplemann	Poage	Taber
LaFollette	Powers	Talbot
Landis	Price, Fla.	Talle
Lane	Price, Ill.	Tarver
Lanham	Priest	Thom
Larcade	Quinn, N. Y.	Thomas, N. J.
Latham	Rabaut	Thomas, Tex.
LeFevre	Rabin	Thomason
Lesinski	Ralins	Tibbott
Lewis	Ramey	Tolan
Link	Ramspeck	Torrens
Ludlow	Randolph	Towe
Lyle	Rankin	Trimble
Lynch	Rayfield	Voorhis, Calif.
McConnell	Reece, Tenn.	Vorys, Ohio
McCormack	Reed, Ill.	Vursell
McCowan	Reed, N. Y.	Wadsworth
McDonough	Rees, Kans.	Walter
McGehee	Resa	Wasielewski
McGregor	Richards	Weaver
McMillan, S. C.	Riley	Welch
Mahon	Rivers	Welch
Manasco	Rizley	Whitten
Mansfield, Mont.	Robertson, Va.	Whittington
Marcantonio	Robison, Ky.	Wickersham
Martin, Iowa	Rockwell	Wigglesworth
Martin, Mass.	Rodgers, Pa.	Wilson
May	Roe, N. Y.	Winstead
Merrow	Rogers, Fla.	Wolcott
Michener	Rogers, Mass.	Wolfenden, Pa.
Miller, Calif.	Rogers, N. Y.	Wolverton, N. J.
Miller, Nebr.	Rooney	Woodhouse
Mills	Rowan	Woodruff, Mich.
Monroney	Russell	Worley
Morrison	Ryter	Zimmerman
Mundt	Sabath	
	Sadowski	

NAYS—8

Buck	Jones	Smith, Ohio
Cleveland	Kean	Winter
Hoffman	Rich	

NOT VOTING—66

Anderson, Calif.	Hart	O'Toole
Auchincloss	Heldinger	Philbin
Bates, Mass.	Herter	Powell
Bender	Hobbs	Robertson,
Boiton	Holmes, Mass.	N. Dak.
Boren	Izac	Robinson, Utah
Case, N. J.	Johnson,	Roe, Md.
Chapman	Lyndon B.	Sheridan
Clark	Kearney	Sikes
Clason	Kunkel	Simpson, Pa.
Combs	Lea	Slaughter
Curley	LeCompte	Smith, Maine
Daughton, Va.	Lemke	Starkey
Dawson	Luce	Stewart
Dirksen	McGlinchey	Taylor
Eaton	McKenzie	Traynor
Elsaesser	McMillen, Ill.	Vinson
Fogarty	Madden	Weiss
Fuller	Maloney	West
Gardner	Mansfield, Tex.	White
Gerlach	Mason	Wood
Hagen	Morgan	Woodrum, Va.
Hand	Mott	

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. Hobbs with Mr. Taylor.

Mr. Sheridan with Mr. Robertson of North Dakota.

Mr. Slaughter with Mr. Clason.

Mr. O'Toole with Mr. Gerlach.

Mr. Izac with Mr. Hagen.

Mr. Weiss with Mr. Anderson of California.
 Mr. Curley with Mr. Hand.
 Mr. Vinson with Mrs. Luce.
 Mr. Chapman with Mr. Mason.
 Mr. Mansfield of Texas with Mrs. Smith of Maine.
 Mr. Madden with Mr. Auchincloss.
 Mr. Philbin with Mr. Holmes of Massachusetts.
 Mr. Lea with Mr. Kearney.
 Mr. Powell with Mr. Simpson of Pennsylvania.
 Mr. Clark with Mr. Fuller.
 Mr. Fogarty with Mr. Eaton.
 Mr. Colmer with Mr. Dirksen.
 Mr. Hart with Mr. Case of New Jersey.
 Mr. Robinson of Utah with Mr. LeCompte.
 Mr. West with Mr. Kunkel.
 Mr. Lyndon B. Johnson with Mr. Lemke.
 Mr. Woodrum of Virginia with Mr. McMillen of Illinois.
 Mr. McGlinchey with Mrs. Bolton.
 Mr. Maloney with Mr. Herter.
 Mr. McKenzie with Mr. Elsaesser.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, strike out all after the enacting clause, and substitute the provisions of the bill just passed, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$3,000,000,000" and inserting in lieu thereof the term "\$4,500,000,000".

SEC. 2. In the event the War Food Administrator determines that there is danger of loss or waste through spoilage in the stocks of any nonbasic perishable commodity owned or controlled by the Commodity Credit Corporation, the Corporation may sell or cause to be sold such stocks of such commodity below the parity or comparable price therefor and the Corporation shall, insofar as practicable, make such sales, or cause them to be made, in such manner as to prevent the depression of the farm price of the commodity.

SEC. 3. The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the 2-year period beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated.

SEC. 4. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, for the purpose of maintaining maximum prices established pursuant to provisions of the Emergency Price Control Act of 1942, as amended and supplemented, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as

may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$250,000,000 for operations during the 6-month period ending December 31, 1945, with respect to the dairy production payment program, (2) \$60,000,000 for operations during the 6-month period ending December 31, 1945, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations. Should hostilities in the present war extend beyond December 31, 1945, such dairy production payment program and other noncrop program operations involving such subsidy payments and losses may be continued on a basis which, taking into account seasonal variations in rates and production, will not involve such subsidy payments and losses in excess of \$250,000,000 for operations during the 6-month period ending June 30, 1946, with respect to the dairy production payment program, or \$60,000,000 for operations during the 6-month period ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program: *Provided, however*, That if hostilities cease before June 30, 1946, no additional obligations provided for in this sentence may be incurred by the Commodity Credit Corporation with respect to such programs after the date on which hostilities cease.

SEC. 5. The first two sentences of section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, are hereby amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made".

SEC. 6. The first sentence of section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by striking out "June 30, 1945" and inserting in lieu thereof "June 30, 1947".

The SPEAKER. The Clerk will report the amendment. The Clerk read as follows:

Amendment offered by Mr. SPENCE: Strike out all after the enacting clause and insert the provisions of H. R. 2023, as amended.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The proceedings by which the bill (H. R. 2023) was passed were vacated and that bill laid on the table.

GENERAL LEAVE TO REVISE AND EXTEND REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Colorado [Mr. HILL] be permitted to address the House for 1 hour on Tuesday, March 20, after the disposition of business on the Speaker's desk and at the conclusion of any other special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Indiana [Mr. GRANT] be permitted to extend his own remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

EXTENSION OF ACT TO PROMOTE THE DEFENSE OF THE UNITED STATES

Mr. BATES of Kentucky, from the Committee on Rules submitted the following privilege resolution (H. Res. 178, Rept. No. 388), which was referred to the House Calendar and ordered printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2013), to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

PERMISSION TO ADDRESS THE HOUSE

Mr. NEELY. Mr. Speaker, I ask unanimous consent that on Wednesday next after the legislative business of the day I may address the House for 45 minutes.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following resignation from the Committee:

MARCH 12, 1945.

Hon. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: I herewith tender my resignation as a member of the Post Office and Post Roads Committee.

Genuinely yours,

FRANK L. CHELF,
Member of Congress.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

EXTENSION OF REMARKS

Mr. MANSFIELD of Montana asked and was given permission to extend his remarks and to include two letters and a news clipping from this morning's Washington Post.

Mr. CELLER asked and was given permission to extend his own remarks in the RECORD.

Mr. RAMEY asked and was given permission to extend his remarks and to include two statements from the Toledo Blade in regard to the first American soldier to cross the Rhine.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks and include a manuscript entitled "The American Scholar." It exceeds the limit. I have an estimate from the Public Printer and I am informed the cost will be \$138.80. Notwithstanding that fact, I ask unanimous consent that the extension may be made.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. FULTON. Mr. Speaker, I ask unanimous consent that on tomorrow after the legislative business has been completed and any other special orders I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

FAIR EMPLOYMENT PRACTICES COMMITTEE

The SPEAKER. Under previous order of the House, the gentleman from Georgia [Mr. GIBSON] is recognized for 20 minutes.

Mr. GIBSON. Mr. Speaker. On April 14, 1944, I brought to this House what I considered pertinent facts with regard to the organization and operation of what is known as the Fair Employment Practice Committee, which has until now existed and operated under an Executive order of the President.

In that report I showed to this body that this organization in the central office here in Washington and throughout the Nation maintained 106 paid employees, 61 of whom were Negroes, and 45 whites. I showed further that the existence of this committee cost the taxpayers of the Nation \$317,160 per year; that the white employees drew \$143,000 and the Negroes \$173,000 per annum.

Realizing that the populace of this democracy has no means of obtaining the truth with regard to this committee, I feel it my duty to from time to time keep the people advised. I further feel that it is the duty of every Member of this House to have the facts actually existing with this committee when it has no standing other than a temporary organization set up by Executive order.

When the operation of this committee with its shameful, disgraceful, and un-

democratic set-up is considered, when it is existing only as a temporary organization, it is impossible to conceive of the abuses that the people may expect from it when it once gets itself permanently established in this democracy.

To begin with, this committee or any such organization has no right of existence in a democracy where people are presumed to have some rights and privileges over themselves and their own business, but looking behind the curtain, let us see whether its status has been improved since my report of April 1944, or whether the misuse of power has been expanded and the privileges granted this organization more grossly abused.

I have recently obtain from the chairman's office a statement of the names, positions, salaries, and color of all employees connected with this committee throughout its entirety. It is at this time composed of 43 whites, 65 Negroes, and 2 Japs.

In other words, around 63 percent of its personnel is Negro, and nearly 2 percent Japanese. There being only 43 whites, I will give the names of them, as follows:

Malcolm Ross, Emanuel Blotch, Evelyn Cooper, Myra Bunting, Will Maslow, Hayes W. Beall, Inez Mercer, Celio Hoffman, Daniel R. Donovan, Olcott R. Abbott, Harold James, Witherspoon Dodge, George D. McKay, Sally Chubb, Don W. Ellinger, Evelyn Ronning, Harry L. Kingman, Edward Ruthledge, Bernard Ross, Virginia Seymour, Jewell Mazen, Bruce A. Hunt, Max Berking, Coral Coan, Simon Stickgold, Tillie Asepha, Sonia Schwartz, Mildred Greenbelt, Samuel Risk, Karyl Klinger, Alice Kahn, Edna Wasem, Joy Schultz, Penny Zeidman, Roy A. Hoglund, Eugene Ormsbee, Helen G. Schlien, Morris Levine, Carlos Castenada, Willetta Gutleben, Ignacio Lopez, Vera G. Vetter, Marie Lerma.

I want the people of the United States to bear in mind that this committee is vested with powers to destroy this democracy. I recited the powers granted this committee in my other report to the Congress, but I desire to quote said powers as follows:

First. All agencies of the Government of the United States shall include in all contracts a provision obligating the contractor not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin.

Second. All Federal agencies concerned with vocational and training programs for war production shall take all measures appropriate to assure that such programs are administered without discrimination.

Third. The committee shall formulate policies to achieve the purposes of this order and shall make recommendations to the various Federal departments and agencies. It shall also recommend to the Chairman of the War Manpower Commission appropriate measures for bringing about the full utilization and training of manpower in and for war production without discrimination.

Fourth. The committee shall receive and investigate complaints of discrimination. It may conduct hearings, make

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 14, 1945, for actions of Tuesday, March 13, 1945)

(For staff of the Department only)

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SENATE

- INDEPENDENT OFFICES APPROPRIATION BILL, 1946. Continued debate on this bill, H.R. 1984 (pp. 2116-7, 2119-40). Agreed to all committee amendments which had been passed over. (see Digest 46). Rejected amendments by Sen. LaFollette, Wis., 31-42, to increase to appropriation for public works planning from \$35,000,000 to \$75,000,000 (pp. 2119-30), and by Sen. McKellar, Tenn., to provide that of the \$35,000,000 appropriated for public works, \$5,000,000 shall be available without matching by State funds, but that the remaining \$30,000,000 shall be matched (pp. 2130-6). Sen. Saltonstahl, Mass., submitted notice of his proposed amendment to prohibit use of the public works funds for loans to States until the States have designated an all-over agency to allocate funds for projects conforming to a State, local, or regional plan (pp. 2139-40). Sen. Russell, Ga., spoke favoring a requirement for State matching of funds and urging caution in Federal expenditures (pp. 2120-2).
- R.E.A. NOMINATION. Several Senators discussed the nomination of Aubrey W. Williams to be REAdministrator and the parliamentary situation in connection with the debate (pp. 2140-3).
- MEAT SUPPLY. Sen. Eastland, Miss., criticized food exports for relief if the U.S. has to "go without adequate food" and urged that the new committee set up by Mr. Byrnes "will immediately make salt meat, other meat, and other essential items of diet available to the people of the South" (pp. 2118-9).
- COMMODITY CREDIT. Sens. Wagner, N.Y., Bankhead, Ala., Radcliffe, Md., Tobey, N.H., and Taft, Ohio, were appointed conferees on S. 298, the CCC bill (p. 2136). House conferees not yet appointed.
- WATER UTILIZATION. Sen. Johnson, Calif., submitted the minority views on the treaty with Mexico relating to utilization of river waters (p. 2112).

6. ARKANSAS VALLEY AUTHORITY. Sen. McClellan, Ark., inserted an Ark. Legislature resolution endorsing the flood-control plan of the U.S. engineers for the several Ark. river basins and opposing the establishment of an Ark. Valley Authority, and a Southwest American editorial on this subject (pp. 2111-2).
7. SUBSIDIES; LIVESTOCK FEED. Received a Mass. Legislature resolution urging immediate relief for farmers by: Extending the 90 cents per hundred milk subsidy to July 1; immediate payment of the present subsidy for Jan. and Feb. 1945; monthly payments of the subsidy until July 1, 1945; continuance of efforts to provide adequate facilities for shipping livestock feed; and an investigation of the feed supply problem, particularly to whether there is a holding-back on hay so as to influence hay prices. To Agriculture and Forestry Committee. (p. 2110).
8. EDUCATION. Received a Mich. Legislature resolution favoring reimbursement of educational institutions for the cost of education for returning servicemen. To Finance Committee. (p. 2110).

HOUSE

9. STATE, JUSTICE, COMMERCE, JUDICIARY, AND FEDERAL LOAN AGENCY APPROPRIATIONS BILL, 1946. The Appropriations Committee reported this bill (H.R. 2603) (H.Rept. 333) (pp. 2189, 2201). The bill includes appropriations for Pan American Union; International Council of Scientific Unions; Inter-American Coffee Board; Inter-American Institute of Agricultural Sciences; Inter-American Statistical Institute; U.S. portion of Lower Rio Grande flood-control project (\$750,000); development of cultural relations with China, Far East, and Africa; cooperation with Latin America, \$4,330,000, making funds available for transfer from the State Department to other Government agencies which may be partly used for agricultural experiment stations, etc.; Justice Department, antitrust-laws enforcement; Lands Division; Census Bureau; Bureau of Standards, providing for cooperation with other Federal agencies in purchasing work and certain scientific investigations, Weather Bureau, and RFC.

EXCERPTS FROM COMMITTEE REPORT:

Economy. "In considering the numerous items of appropriation encompassed by this bill the committee could not but help feel constantly reminded, and with considerable apprehension, of the increasing Federal indebtedness that is being accumulated for present and future generations...

"The committee, through the House, has a responsibility to the people and it endeavors to protect their interests by reducing expenditures wherever it is possible so to do. Obviously, however, it is impractical, if not impossible, for this committee to become thoroughly familiar with the literally thousands of activities, projects, and projects within projects, that are being carried on by the various agencies for which the bill provides. Accordingly, the committee must and should have the cooperation of the responsible officers of these agencies in order to coordinate and render more effective the service to the people who pay the bills.

"It was with this objective in mind that the committee recommended in reporting the State, Justice, and Commerce bill for the fiscal year 1945 that departmental budgetary control machinery be strengthened in order more effectively to control the allocation and expenditure of appropriated funds. The committee now suggests that this control be augmented wherever and whenever the interests of economy will be better served.

"The committee is never disposed to effect reductions in estimates to the detriment of a necessary service. If such reductions have been made, it was because the items were not adequately justified or were not presented in their proper light. Neither does the committee wish to appropriate funds for unne-

all afternoon. The Senator from Ohio [Mr. TAFT] made a speech about money. We have nearly \$27,000,000,000 worth of Federal bank notes in circulation. There are approximately \$76,500,000,000 worth of time and demand deposits, which represent credit money. Other countries are ready to buy everything we have. They will be spending their money in this country.

Furthermore, we shall have the greatest consumer demand in this country that the world has ever known. In the United States we have not manufactured an automobile for 5 years. During the last year when automobiles were manufactured 5,000,000 of them were produced. All my friends desire to buy new automobiles. The people want to buy refrigerators, washing machines, and many other articles. For 6 months I tried to find a washing machine in Washington, and finally had to send to Nebraska for a second-hand machine with which my washing could be done in Washington, D. C. Hundreds of thousands of items will be manufactured; and during the next 4 years the pent-up money we have will provide the greatest employment we ever heard of.

Instead of being afraid of the post-war period, why do we not give private enterprise an opportunity to function? With all the money the people will have to spend, the problem will be that of manpower rather than unemployment. If we give private enterprise an opportunity, we can produce materials not only for the United States, but for the world, because the world is our territory at this time.

Mr. TUNNELL. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. TUNNELL. Does the Senator believe that the language of the bill provides for real loans?

Mr. WHERRY. The amounts obtained would be loans.

Mr. TUNNELL. Does not the Senator think that the provision is rather crudely stated, if it is intended to provide real loans?

Mr. WHERRY. If the money is paid back, it is a loan. If bonds are issued to obtain money for construction, the money will be paid back to the Government.

Mr. TUNNELL. As the Senator knows, I was not a member of the subcommittee. If a community is too poor to match an allotment of \$360, let us say, I wonder if such a grant would be a good loan for the Government. Would it be paid back?

Mr. WHERRY. Of course, the answer is that it would not be paid back. However, the testimony from those who want to see the money appropriated is that they believe that such loans will be lost anyway, but that the loss would not amount to as much as the loss from unemployment.

The argument is based almost entirely on the theory of unemployment. Everywhere we turn we encounter fear of unemployment. I believe that it is time for Senators to rise on the floor of the Senate and say that we are going to have employment in this country. We are

beset by fear. With the money we have stored up, and with the materials and manpower we have, the 4 years following the war will be the greatest 4 years this country has ever known.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee [Mr. McKELLAR] to suspend paragraph 4 of rule XVI, so that it may be in order for him to offer an amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] is absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from Kentucky [Mr. CHANDLER], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Louisiana [Mr. OVERTON], and the Senator from Nevada [Mr. SCRUGHAM] are necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from New York [Mr. WAGNER], the Senator from North Carolina [Mr. BAILEY], and the Senator from Nevada [Mr. McCARRAN] are detained in a committee meeting.

The Senator from Maryland [Mr. TYDINGS] is detained at a Government department on business pertaining to his State.

The Senator from West Virginia [Mr. KILGORE] is absent on important public business.

The Senator from New York [Mr. MEAD] and the Senator from Washington [Mr. MITCHELL] are absent on official business.

Mr. WHERRY. The Senator from Vermont [Mr. AIKEN], the Senator from Illinois [Mr. BROOKS], the Senator from Idaho [Mr. THOMAS], and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The Senator from Michigan [Mr. FERGUSON] is absent on business of the Senate.

The Senator from North Dakota [Mr. LANGER] is necessarily absent as a member of the Senate committee attending the funeral of the late Senator from North Dakota, Mr. Moses.

The result was announced—yeas 28, nays 43, as follows:

YEAS—28

Bankhead	Hawkes	Russell
Bridges	Hickenlooper	Shipstead
Buck	Johnson, Colo.	Stewart
Burton	McClellan	Thomas, Okla.
Byrd	McKellar	Tunnell
Capper	Millikin	Wherry
Eastland	Moore	White
Gerry	Radcliffe	Wiley
Green	Reed	
Gurney	Revercomb	

NAYS—43

Austin	Hart	O'Daniel
Ball	Hatch	O'Mahoney
Barkley	Hayden	Pepper
Bilbo	Hill	Robertson
Briggs	Hoey	Saltonstall
Bushfield	La Follette	Smith
Butler	Lucas	Taft
Capehart	McFarland	Taylor
Connally	McMahon	Thomas, Utah
Cordon	Magnuson	Vandenberg
Donnell	Maybank	Walsh
Downey	Morse	Wheeler
Ellender	Murdock	Willis
Fulbright	Murray	
George	Myers	

NOT VOTING—24

Aiken	Glass	Mitchell
Andrews	Guffey	Overton
Bailey	Johnson, Calif.	Scrugham
Brewster	Johnston, S. C.	Thomas, Idaho
Brooks	Kilgore	Tobey
Chandler	Langer	Tydings
Chavez	McCarran	Wagner
Ferguson	Mead	Wilson

The PRESIDING OFFICER. Two-thirds of the Senators present not having voted in the affirmative, the motion of the Senator from Tennessee is rejected.

CONTINUATION OF COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

The PRESIDING OFFICER (Mr. MURDOCK in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

Mr. BANKHEAD. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WAGNER, Mr. BANKHEAD, Mr. RADCLIFFE, Mr. TOBEY, and Mr. TAFT conferees on the part of the Senate.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 1984) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1946, and for other purposes.

Mr. SALTONSTALL. Mr. President, I offer the amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 19, in line 13, before the period, it is proposed to insert a colon and the following: "Provided, That said sum shall not be available for making loans or advances under said title V with respect to projects in any State until the legislature of such State has designated an over-all State agency to allocate the sums made available to such State under said title V to individual projects conforming to a State, local, or regional plan: *Provided further*, That until the final adjournment of the first regular session of the legislature of such State which ends more than 60 days after the enactment of this act, the Governor may designate such over-all agency."

The PRESIDING OFFICER. Is there objection to consideration of the amendment out of order? The Chair understands that committee amendments are first in order.

Mr. BARKLEY. Mr. President, I have no objection to having the Senator offer the amendment, but I feel it my duty to say that I shall have to raise a point of order regarding the amendment, on the ground that it is legislation on an appropriation bill.

subcommittee and listened to the testimony there given. I should like to make one thing plain before the vote is taken to suspend the rule, because it requires two-thirds of those voting to suspend the rule. The proposal now before the Senate is simply that of States and political subdivisions matching Federal money for planning; that is all. It is not matching construction loans. The proposal is simply to require a political subdivision to put up as much money as the Federal Government in order that it may make plans. That is all.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WHERRY. I will yield to the Senator in a moment. I should like to finish my statement. If Senators will turn to page 176 of the hearings they will find that on the basis of an appropriation of \$72,000,000 Nebraska would receive \$636,000. That is what Nebraska would receive.

Mr. TAFT. Mr. President, will the Senator yield for a moment?

Mr. WHERRY. I yield.

Mr. TAFT. Does the Senator know what planning costs? For \$636,000 Nebraska could make the biggest, the most extensive plans Nebraska ever heard of. It is a tremendous sum for planning.

Mr. WHERRY. Wait a moment. I wish to reduce the amount down to my little town so I myself can understand it. I have difficulty understanding figures in millions or billions of dollars, but I can understand thousands of dollars. On the basis of a Federal appropriation of \$72,000,000 Nebraska would receive \$636,000, and if we then reduce the Federal appropriation to \$35,000,000 it will result in Nebraska receiving about \$300,000. On the basis of a population in Nebraska of one and one-half million, it would mean that every person in Nebraska would receive about 18 cents, and my town, which has a population of 2,000, would receive an amount equal to 2,000 times 18 cents, which would be about \$360. Mr. President, does anyone mean to say that Pawnee City is so hard up that it cannot put up \$360 to match \$360 of Federal money, if the city wants to match it?

Mr. TAFT. Will the Senator yield to me for a moment?

Mr. WHERRY. Yes.

Mr. TAFT. I may point out that the \$300,000, if that is what Nebraska would receive, would not be distributed proportionately to Pawnee City and every other city. It would be available throughout the entire State.

Mr. WHERRY. I understand that.

Mr. TAFT. Thus, any particular city which is interested in planning—incidentally there must be a planning commission, and many cities do not have such a commission—will receive a considerably larger sum than a proportionate amount based on any population theory.

Mr. WHERRY. I agree with the Senator from Ohio wholeheartedly. Therefore, I think the Federal money ought to be matched by a political subdivision, and should be given to a planning commission. But the argument was made a moment ago by the distinguished Senator from Kentucky [Mr. BARKLEY] that

a school district might wish to receive some of the Federal money, but might be in such a financial condition they could not even begin to put up the matching money. What does the Federal money amount to? It amounts to 18 cents per head in Nebraska, and that would be \$360 to a town such as Pawnee City. That is the maximum amount that city could obtain. So when we hear talk about how hard up some communities are, and how impossible it would be for them to match the Federal money, when the amount involved is reduced to the figure which would be available for any given community, it will be found that the amount is insignificant.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. CORDON. Is it the Senator's understanding that if \$35,000,000 were made available throughout the United States by the passage of this measure that that sum would be divided per capita?

Mr. WHERRY. It would be divided on the basis of 90 percent of the population of the various States, and if it is given to the planning boards of the States they probably would allocate the money on whatever basis they saw fit. The argument has been presented here all afternoon that while the money might be made available to municipalities, political subdivisions of States, and even school districts, yet some of the political subdivisions could not match the Federal fund, and therefore no Federal money would be made available to them. My point is simply that the total amount of money per capita in Nebraska would be so insignificant that any town which wanted to come directly to Washington could get the money. There would be no handicap. The money would be expended only for planning. It would not be expended for building.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. CORDON. Might it not well be that a poverty-stricken municipality or subdivision of government might, because of its very poverty, as well as for other reasons, find itself in such a position that its needs would be far greater than its ability to meet its necessities?

Mr. WHERRY. That might be true.

Mr. CORDON. It might wish to request an opportunity to prepare for the time when construction can be commenced.

Mr. WHERRY. In reply to the Senator, let me say that if a community is so hard up that it cannot raise \$360, I cannot see how in the world it can sell bonds to build anything.

Mr. CORDON. Does not the Senator recognize the possibility that within the terms and spirit of the law Pawnee City might be allocated \$3,600 instead of \$360?

Mr. WHERRY. I believe that the towns in my State will be able to match any amount of money which is allocated. I simply made the computation according to the method by which the allotments are expected to be made. I believe that the provision that the money shall be allocated to planning boards is

the proper way to do it. However, I wished to make the point that if the locality wanted to borrow money for planning, it certainly would not have to put up very much to get it.

The impression seems to be that a large sum would be devoted to planning. When it is scattered over the country, it becomes very insignificant. If the amount for planning is increased, municipalities will be coming to Washington to obtain loans to build many projects; and instead of a program in the interest of economy, we shall find that we shall be required, under pressure, to expend billions of dollars to fulfill the plans which will be made under this provision. That will be the difficulty.

Mr. REED. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. REED. I am sure the Senator is fully aware of the fact that the amount for planning has been reduced to \$35,000,000. The population of the United States is approximately 138,000,000. When \$35,000,000 is spread out over the United States, the average per capita will be 30 or 35 cents as a maximum.

Mr. WHERRY. That is true. The reason why I supported the amendment in the subcommittee was that I felt that the amount of \$75,000,000 suggested for the planning program was satisfactory; but the only way to reach the problem is to have a matching system, so that if \$30,000,000 is matched by another \$30,000,000, there will be \$60,000,000 available. Five million dollars more would provide \$65,000,000, which is what is being asked for. The subcommittee heard all the evidence. I believe that the plan would be sound if matching were required. I believe that the States and communities can easily match the amounts allotted for planning, if they are given an opportunity to do so.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MORSE. What does the Senator propose to do with those subdivisions of government which do not have legal authority to match?

Mr. WHERRY. If there is a law in the Senator's State which provides that communities must keep within certain legal bounds, I believe that is a very good provision. It emphasizes the fact that the State has been very well managed. I believe that the political subdivisions should be required to comply with the law in that respect, just as they are required to do in my State.

Mr. MORSE. How does the Senator propose to solve the problem of legal obstacles which prevent matching?

Mr. WHERRY. I think the problem can be solved by the local communities and States themselves, without requiring the Federal Government to solve all local problems.

Mr. MORSE. When the States and communities seek the money which the Senator fears they may ask for, if the unemployment condition in the country is such that that is the only way the problem can be met, here is one vote to give them the money.

Mr. WHERRY. Mr. President, we have been talking about unemployment

5. LANDS. Received an Idaho Legislature resolution opposing the withdrawal or setting aside of lands within Idaho "without first gaining the approval of the State Legislature." To Public Lands and Surveys Committee. (p. 2204.)
6. WILDLIFE. Received a Md. Legislature resolution requesting the U.S. to extend the wild game season for 90 days. To Agriculture and Forestry Committee. (p. 2204)
7. HOUSING. Banking and Currency Committee reported with amendment S. 681, to provide \$100,000,000 additional for activities under the National Housing Act (S. Rept. 100) (p. 2204).

HOUSE

8. MANPOWER. Agreed to H. Res. 183, to provide that upon adoption of this resolution the manpower bill, H.R. 1752, is taken from the Speaker's table to the end that all Senate amendments be and are disagreed to and a conference is requested with the Senate, after agreeing, 211-177, to Rep. Sabath's motion to vote on the resolution (pp. 2233-41). Reps. May, Thomason, Brook, Andrews of N.Y., and Short were appointed in the House; and Sens. Thomas of Utah, Johnson of Colo., O'Mahoney, Austin, and Burton were appointed conferees in the Senate. (pp. 2241, 2231).
9. COMMODITY CREDIT. Reps. Spence, Brown of Ga., Patman, Wolcott, and Crawford were appointed conferees on S. 298, the CCC bill (p. 2241). Senate conferees were appointed Mar. 13.
10. STATE, JUSTICE, COMMERCE, JUDICIARY, AND FEDERAL LOAN AGENCY APPROPRIATION BILL, 1946. Began debate on this bill, H.R. 2603 (pp. 2242-71). Reps. Rabaut, Mich., and Stefan, Nebr., discussed Latin-American cooperation with respect to the development of rubber production (pp. 2243, 2248). Rep. Rabaut commended the Weather Bureau's activities relating to agriculture (p. 2246). Rep. Rabaut criticized committee elimination of increases to Census Bureau for development of reconversion statistics (p. 2246). Rep. Jensen, Ia., and Rep. Elliott, Calif., discussed reclamation projects in the Colorado River Basin and the Mexican Colorado River Treaty (pp. 2255-6).

BILLS INTRODUCED

11. PERSONNEL; VETERANS. S. 736, by Sen. Magnuson, Wash., to provide that periods of vocational training undertaken by disabled veterans in preparing for U. S. employment shall be credited for retirement purposes. To Civil Service Committee. (p. 2204.)
12. ADMINISTRATIVE LAW. S. 740, by Sen. McCarran, Nev., to amend the Judicial Code with respect to the admission of attorneys at law to practice before the courts, departments, and offices of the Government. To Judiciary Committee. (p. 2205.)
13. SAVANNAH VALLEY AUTHORITY. S. 737, by Sen. Russell, Ga., to establish a Savannah Valley Authority, to provide for unified water control and resource development in the basin of the Savannah River in the interest of the control and prevention of floods, the promotion of navigation, and the strengthening of the national defense. To Commerce Committee. (p. 2205.)
14. PUBLIC LANDS. S. Res. 99, by Sen. O'Daniel, Tex., requesting the Attorney General to submit at the first practicable date a report showing the amount and location of all real property owned by the U. S., in each of the several States, including price and values of each tract of land and also the price of

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued March 15, 1945, for actions of Wednesday, March 14, 1945)

(For staff of the Department only)

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SENATE

1. INDEPENDENT OFFICES APPROPRIATION BILL, 1946. Continued debate on this bill, H.R. 1984, and completed action on committee amendments (pp. 2217-20). Agreed to the committee amendment (as amended by amendments by Sen. LaFollette, Wis.) which prohibits the use of any of these funds to pay the salary of any person filling a permanent position formerly held by a man now in the armed services who has been honorably discharged and who has within 90 days after his discharge or within not more than 1 year after release from hospitalization continuing after said discharge made application for the restoration to his former position and has not been restored thereto (pp. 2217-8).
2. FOOD EXPORTS. Sen. Wherry, Nebr., commended the establishment of the food-export committee by J.F.Byrnes, and he and several members discussed the question of domestic supplies of meat and foodstuffs (pp. 2208-15).
3. CHEESE INDUSTRY. Sen. Wiley, Wis., criticized OPA and WFA administration of controls over the cheese industry in connection with prices and production limitations and inserted tables showing cheese prices (pp. 2215-7).
4. TENNESSEE VALLEY AUTHORITY. Sen. McKellar, Tenn., criticized TVA's interpretation of the provision in the TVA appropriation Act with regard to the disposition of receipts from the sale of power or other products, stating, "Mr. Lilienthal...construed that language as authorizing him...to hold them and use them as he sees fit"; and also criticized TVA's fertilizer "subsidy" to farmers. Sen. McKellar stated that "I shall introduce a bill...requiring not only the Tennessee Valley Authority but every other authority or activity of the Government that collects money belonging to the United States to pay the money into the Treasury and to come before the Congress to obtain appropriations" (pp.2220-6). Sen. Hill, Ala., defended TVA and inserted statements prepared by this Department relative to the post-war use of fertilizer and by TVA relative to mineral fertilizers and the security of the Nation (pp. 2227-31).

The Nation needs the discoveries and improvements produced in this type of research and experimental production on a commercial scale. Only in this way can the public be assured of access to research and improved technology for fertilizer production. The Nation needs the improved products manufactured in its Government experimental plants from publicly owned deposits. Only in this way can farmers be assured of access to at least a limited quantity of materials produced through the most advanced methods and against which they can judge the effectiveness of the more conventional products they manufacture or buy.

5. The phosphate deposits of Florida and the Western States should be drawn upon for a larger part of the national requirement

The most important phosphate deposits of this country are found in Florida, the Rocky Mountain States, and in Tennessee. A national program to increase the production and supply of phosphatic fertilizers to meet the needs of the Nation's soils should draw upon each of these deposits as a primary source of supply for the agricultural areas each is best equipped to serve.

The Tennessee phosphate deposits are very small in comparison with those of Florida and the West. They are, however, strategically located as a source of supply to a large fertilizer consuming area in the humid region. Furthermore, the Tennessee Valley deposits have supplied almost all of the phosphorus required for military purposes during the current war.

We firmly believe it is inconsistent with the national interest to continue to exploit the Tennessee reserves to meet further increased demands in agricultural areas which might favorably be served from the larger deposits in Florida and the West. The additional capacity required should, therefore, utilize these larger deposits.

6. A Nation-wide cooperative test-demonstration farm program is needed to show the way to widespread use of mineral fertilizers and their relationship to other plant foods and soil fertility in systems of improved farm and soil management.

The ability of farmers to use concentrated mineral fertilizers to improve their land, to integrate and to stabilize their farm business and thereby raise the general economic level of their community, will be determined in the last analysis by the farmers themselves. Individual farmers and groups of farmers must test fertilizer materials on individual farms and communities of farms, giving full recognition to economic and social factors pertinent to the individual farm and to the local community. Since conditions vary widely from region to region, from community to community, and from farm to farm, full effectiveness of the test-demonstration farm technique can be achieved only by reliance upon systematic field surveys, conducted by local institutions and agencies, to provide a basis for programs tailored to fit the needs of local areas and of farms having specific physical and economic characteristics.

Concentrated phosphatic fertilizer materials have been made available directly from the T. V. A. Muscle Shoals plant to farmers. These demonstrator farmers, individually and in groups, have utilized these materials, together with purchased materials, including other forms and ingredients, with the guidance of the State extension services and the county agents. Test demonstrations are being conducted on over 31,000 farms in 28 States, the more intensive program being conducted within the Tennessee Valley. These demonstrator farmers have proved to themselves and to many of their neighbors that they can use concentrated phosphates

efficiently, obtain permanent improvement of their soil resources, and at the same time achieve substantial increases in the acre yields and quality of farm products.

The proven effectiveness of the test-demonstration method and the broad educational program which it makes possible indicates the desirability of extending it throughout the Nation at somewhat the same intensity as now carried on within the Tennessee Valley. This cannot be done unless and until adequate supplies of mineral fertilizers are available. We believe that at the appropriate time Congress may wish to consider making this national test-demonstration program a regular part of the cooperative relationship between the farmers, the various agricultural colleges, and the United States Department of Agriculture, with Federal responsibility in the program transferred from the T. V. A. to the Department outside of the Tennessee Valley area. Within the Tennessee Valley area the T. V. A. would continue to carry on cooperatively an intensified program of fertilizer tests and demonstrations and agricultural development as a part of its integrated regional program. Under this plan the T. V. A. would also continue to develop new products through research for testing on a Nation-wide basis. The Tennessee Valley region could thus become a pilot-plant area for the Nation-wide test-demonstration and expanded-production program.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 298) to continue the Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SPENCE, Mr. BROWN of Georgia, Mr. PATMAN, Mr. WOLCOTT, and Mr. CRAWFORD were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 1752) to amend the Selective Training and Service Act of 1940, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAY, Mr. THOMASON, Mr. BROOKS, Mr. ANDREWS of New York, and Mr. SHORT were appointed managers on the part of the House at the conference.

UTILIZATION OF MANPOWER RESOURCES

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 1752) to amend the Selective Training and Service Act of 1940, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. THOMAS of Utah. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the

Presiding Officer appointed Mr. THOMAS of Utah, Mr. JOHNSON of Colorado, Mr. O'MAHONEY, Mr. AUSTIN, and Mr. BURTON conferees on the part of the Senate.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Several nominations for promotion in the Foreign Service.

By Mr. MCKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 46 minutes p. m.) the Senate took a recess until tomorrow, Thursday, March 15, 1945, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received March 14 (legislative day of March 12), 1945:

FEDERAL COMMUNICATIONS COMMISSION

Charles R. Denny, Jr., of the District of Columbia, to be a member of the Federal Communications Commission for a term of 7 years from July 1, 1944 (vice T. A. M. Craven).

POSTMASTERS

The following-named persons to be postmasters:

COLORADO

Richard C. Caddell, Grand Lake Colo., in place of H. G. Hawkins, resigned.

IDAHO

Charles L. Burdett, McCall, Idaho, in place of Martha Hentley, resigned.

ILLINOIS

Adam P. Eaton, Allerton, Ill. Office became Presidential July 1, 1944.

Daulton L. Rohde, Jr., Oakdale, Ill. Office became Presidential July 1, 1944.

INDIANA

Bynum L. Shepard, Elizabethtown, Ind. Office became Presidential July 1, 1944.

KANSAS

Lorraine C. Mills, Bunkerhill, Kans., in place of H. F. Mills, deceased.

KENTUCKY

William H. Vitatoe, Albany, Ky., in place of W. E. Ferguson, removed.

Violette G. Thomas, Owingsville, Ky., in place of Earl Rogers, resigned.

Katheryn E. Short, Van Lear, Ky., in place of V. L. Daniel, resigned.

MAINE

Sarah A. Gillis, Pembroke, Maine. Office became Presidential July 1, 1944.

Frank Lee Whitney, Surry, Maine. Office became Presidential July 1, 1944.

MICHIGAN

George J. Cobb, Saranac, Mich., in place of G. P. Adgate, transferred.

NEW YORK

Richard T. Stanton, Millbrook, N. Y., in place of R. P. Stanton. Incumbent's commission expired June 23, 1942.

Lydia L. Kell, Stuyvesant Falls, N. Y. Office became Presidential July 1, 1944.

OHIO

Everett D. Crumrine, La Fayette, Ohio. Office became Presidential July 1, 1943.

Pearl C. Brown, Middlefield, Ohio, in place

of G. E. Sperry, resigned.

Virginia Bagent, North Industry, Ohio.

Office became Presidential July 1, 1942.

OKLAHOMA

Clifford C. McKown, Maud, Okla., in place of G. A. Phillips, resigned.

PENNSYLVANIA

May N. Schultz, West Pittsburgh, Pa. Office became Presidential July 1, 1944.

WISCONSIN

George W. Rickeman, Helenville, Wis. Office became Presidential July 1, 1944.

Gene F. Guay, Peshtigo, Wis., in place of D. G. Guay, resigned.

The question was taken; and there were—yeas 211, nays 177, not voting 44, as follows:

[Roll No. 40]

YEAS—211

Abernethy	Folger	Norrell
Adams	Forand	Norton
Allen, La.	Gamble	O'Brien, Ill.
Anderson, N. Mex.	Gathings	O'Neal
	Gibson	Pace
Andrews, Ala.	Gore	Patman
Andrews, N. Y.	Gorski	Peterson, Fla.
Angell	Gossett	Peterson, Ga.
Baldwin, Md.	Granger	Pickett
Barden	Grant, Ala.	Plumley
Barrett, Pa.	Gregory	Poage
Barry	Gwynne, Iowa	Price, Fla.
Bates, Ky.	Hale	Priest
Beckworth	Hall, Leonard W.	Quinn, N. Y.
Bell	Hancock	Rabaut
Bennet, N. Y.	Hand	Rabin
Bland	Hare	Rains
Bloom	Harless, Ariz.	Ramspeck
Bonner	Harris	Randolph
Boykin	Hart	Rankin
Bradley, Pa.	Hays	Rayfield
Brooks	Hébert	Rea
Brown, Ga.	Hedrick	Richards
Bryson	Heffernan	Riley
Buckley	Hendricks	Rivers
Bulwinkle	Herter	Robertson, Va.
Burch	Heselton	Roe, Md.
Burgin	Hoch	Roe, N. Y.
Byrne, N. Y.	Hoeben	Rogers, Fla.
Camp	Holmes, Mass.	Rogers, Mass.
Cannon, Fla.	Holmes, Wash.	Rooney
Carlson	Hope	Rowan
Carnahan	Huber	Russell
Case, N. J.	Jarman	Ryder
Case, S. Dak.	Johnson, Calif.	Sabbath
Celler	Johnson, Okla.	Sasser
Chelf	Kean	Scrivner
Clark	Kee	Sheppard
Clements	Kefauver	Smith, Va.
Cochran	Keogh	Snyder
Cole, N. Y.	Kerr	Somers, N. Y.
Colmer	Kilburn	Sparkman
Cooley	Kilday	Spence
Cooper	King	Stigler
Courtney	Kopplemann	Stockman
Cox	Lanham	Sullivan
Cravens	Latham	Summers, Tex.
Curley	Lea	Sundstrom
D'Alesandro	Lesinski	Taber
Daughton, Va.	Link	Thomas, N. J.
Davis	Lyle	Thomason
De Lacy	Lynch	Tolan
Delaney, James J.	McCormack	Torrens
Delaney, John J.	McGehee	Towe
Dickstein	Mahon	Trimble
Dingell	Maloney	Vinson
Domengeaux	Manasco	Wadsworth
Doughton, N. C.	Mansfield, Mont.	Walter
Douglas, Ill.	Mansfield, Tex.	Wasielewski
Drewry	Marcantonio	Weaver
Durham	Martin, Iowa	White
Earthman	May	Whitton
Eberharter	Mills	Whittington
Elliott	Monroney	Wickersham
Engle, Calif.	Morrison	Wigglesworth
Ervin	Mundt	Winstead
Fallon	Murdock	Winter
Fernandez	Murphy	Woodhouse
Fisher	Murray, Tenn.	Woodrum, Va.
Flannagan		Worley
		Zimmerman

NAYS—177

Andersen, H. Carl	Butler	Ellsworth
Andresen, August H.	Byrnes, Wis.	Elsaesser
Arends	Campbell	Elston
Arnold	Canfield	Engel, Mich.
Auchincloss	Cannon, Mo.	Felghan
Bailey	Chenoweth	Fellows
Barrett, Wyo.	Chiperfield	Fenton
Beall	Church	Flood
Bender	Clevenger	Fogarty
Bennett, Mo.	Coffe	Gallagher
Blemiller	Cole, Kans.	Gavin
Blshop	Cole, Mo.	Gearhart
Blackney	Corbett	Geelan
Bolton	Crawford	Gerlach
Bradley, Mich.	Crosser	Gifford
Brehm	Cunningham	Gillespie
Brown, Ohio	Curtis	Gillette
Brumbaugh	Dolliver	Gillie
Buck	Dondero	Goodwin
Buffett	Douglas, Calif.	Graham
Bunker	Doyle	Granahan
	Dworshak	Grant, Ind.
	Ellis	Green

Griffiths	Larcade	Robertson, N. Dak.
Gross	LeFevre	Robison, Ky.
Gwinn, N. Y.	Lemke	Rockwell
Hall, Edwin Arthur	Lewis	Rodgers, Pa.
Halleck	Ludlow	Rogers, N. Y.
Harness, Ind.	McConnell	Sadowski
Hartley	McCowan	Savage
Havener	McDonough	Schwabe, Mo.
Healy	McGlinchey	Schwabe, Okla.
Henry	McGregor	Shafer
Hess	McMillen, Ill.	Sharp
Hill	Martin, Mass.	Short
Hinshaw	Mason	Simpson, Ill.
Hoffman	Michener	Simpson, Pa.
Hollifield	Miller, Calif.	Smith, Ohio
Hook	Miller, Nebr.	Smith, Wis.
Horan	Morgan	Springer
Howell	Murray, Wis.	Stefan
Hull	Neely	Stevenson
Jackson	O'Brien, Mich.	Sumner, Ill.
Jenkins	O'Hara	Talbot
Jennings	O'Konski	Talle
Jensen	Outland	Thomas, Tex.
Johnson, Ill.	Patterson	Tibbott
Johnson, Ind.	Philbin	Traynor
Jones	Philips	Voorhis, Calif.
Jonkman	Pittenger	Vorhs, Ohio
Keefe	Ploeser	Vursell
Kelley, Pa.	Powell	Welch
Kelly, Ill.	Powers	Welch
Kinzer	Price, Ill.	Wilson
Kirwan	Ramey	Wolcott
Knutson	Reece, Tenn.	Wolfenden, Pa.
Kunkel	Reed, Ill.	Wolverton, N. J.
LaFollette	Reed, N. Y.	Woodruff, Mich.
Landis	Rees, Kans.	
Lane	Rich	
	Rizley	

NOT VOTING—44

Allen, Ill.	Heidinger	Patrick
Anderson, Calif.	Hobbs	Pfeifer
Baldwin, N. Y.	Izac	Robinson, Utah
Bates, Mass.	Johnson	Sheridan
Boren	Luther A.	Sikes
Chapman	Johnson	Slaughter
Clason	Lyndon B.	Smith, Maine
Combs	Kearney	Starkey
Dawson	LeCompte	Stewart
Dirksen	Luce	Taylor
Eaton	McKenzie	Thom
Fuller	McMillan, S. C.	Weiss
Fulton	Madden	West
Gardner	Morrow	Wood
Gordon	Mott	
Hagen	O'Toole	

So the previous question was ordered.

The Clerk announced the following pairs:

On this vote:

Mrs. Luce for, with Mrs. Smith of Maine against.

General pairs:

Mr. Hobbs with Mr. Taylor.
Mr. Pfeifer with Mr. Allen of Illinois.
Mr. Luther A. Johnson with Mr. Eaton.
Mr. Madden with Mr. LeCompte.
Mr. O'Toole with Mr. Clason.
Mr. Sheridan with Mr. Anderson of California.

Mr. Lyndon B. Johnson with Mr. Fuller.

Mr. Gordon with Mr. Morrow.

Mr. Slaughter with Mr. Baldwin of New York.

Mr. Combs with Mr. Kearney.

Mr. Weiss with Mr. Dirksen.

Mr. Chapman with Mr. Hagen.

Mr. Izac with Mr. Bates of Massachusetts.

Mr. Sikes with Mr. Fulton.

Mr. Robinson of Utah with Mr. Heidinger.

Mr. LESINSKI changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

The SPEAKER appointed as conferees on the part of the House Messrs. MAY, THOMASON, BROOKS, ANDREWS of New York, and SHORT.

COMMODITY CREDIT CORPORATION

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, with a House amendment thereto, insist on the House amendment, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Messrs. SPENCE, BROWN of Georgia, PATMAN, WOLCOTT, and CRAWFORD.

CORRECTION OF ROLL CALL

Mr. SMITH of Ohio. Mr. Speaker, on roll call No. 37 I am recorded as not present. I was present and answered to my name, and I therefore ask unanimous consent that the Journal and the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mrs. BOLTON asked and was given permission to extend her remarks in the RECORD and include a letter.

Mr. KNUTSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. LATHAM. Mr. Speaker, I ask unanimous consent to extend the remarks I expect to make on the State, Justice, and Commerce appropriation bill and include a copy of a bill which I have today introduced relating to veterans.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HAND asked and was given permission to extend his remarks in the RECORD.

Mr. SCHWABE of Oklahoma asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. MASON asked and was given permission to extend his remarks in the RECORD in two instances and include an editorial in each.

Mr. GEARHART asked and was given permission to extend his remarks in the RECORD and include a biographical sketch of Philo Norton McGiffin.

Mr. PATMAN asked and was given permission to extend his remarks in the RECORD and include an address delivered by the gentlewoman from California [Mrs. DOUGLAS] on March 12, 1945.

Mr. DOYLE asked and was given permission to extend his remarks in the RECORD and include a copy of a resolution adopted by the Board of Supervisors of Los Angeles County.

CORRECTION OF THE RECORD

Mr. MANSFIELD of Montana. Mr. Speaker, I ask unanimous consent that the permanent RECORD be corrected on

page 2174, column 2, twelfth line from the bottom, to read, "invasion into Kwangsi and Kweichow", instead of "Kwangu and Kwangchow."

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that tomorrow, at the conclusion of the legislative program of the day and following any other special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. DE LACY asked and was given permission to extend his remarks in the RECORD and include a statement by prominent Americans, together with their signatures, supporting the stand of the War Department on the subject of loyalty tests.

Mr. SUMNERS of Texas asked and was given permission to extend his remarks in the RECORD and to make a correction in the RECORD of yesterday.

Mr. SULLIVAN asked and was given permission to extend his remarks in the RECORD and include a newspaper editorial.

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD and include a speech he recently delivered before the chamber of commerce at Gardner, Mass.

Mr. WOODRUFF of Michigan asked and was given permission to extend his remarks in the RECORD in two instances and include in each an article.

Mr. JONES asked and was given permission to revise and extend the remarks he expected to make later today in the Committee of the Whole, and include certain portions of tables and other extraneous matter.

Mr. STEFAN asked and was given permission to extend his remarks in the RECORD and include a broadcast overseas made for him.

Mr. HINSHAW asked and was given permission to extend his remarks in the RECORD and include a resolution by the poultry section of the Farm Bureau Federation of Los Angeles County.

Mr. SABATH asked and was given permission to extend his remarks in the RECORD and include an editorial and an article.

GOVERNOR DEWEY KEEPS POLITICAL PLEDGES

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, I want to draw this body's attention to an outstanding political figure in the United States, who, strangely enough, in these days, keeps his political pledges. Gov. Thomas E. Dewey, of New York, pledged in the following words:

We shall establish a fair-employment practices commission as a permanent function, and authorized by law.

Unlike many political figures, Governor Dewey meant his promises, and only recently in New York signed an antibias law which through his efforts was overwhelmingly passed, creating a commission in New York State similar to the F. E. P. C.

We must remember, we Republicans, that that was not Governor Dewey's individual pledge alone which he so nobly fulfilled, but we in our platform pledged to create a permanent F. E. P. C. I, as an ardent Republican, shall do my utmost to see that the Republican Party carries out its promise.

STATE, JUSTICE, COMMERCE, THE JUDICIARY, AND THE FEDERAL LOAN AGENCY APPROPRIATION BILL, FISCAL YEAR 1946

Mr. RABAUT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2603) making appropriations for the Departments of State, Justice, Commerce, the judiciary, and the Federal Loan Agency for the fiscal year ending June 30, 1946, and for other purposes; and pending that motion, I ask unanimous consent that general debate on the bill continue during the remainder of the day and not to exceed 2 hours tomorrow, the time to be equally divided and controlled by the gentleman from Nebraska [Mr. STEFAN] and myself.

Mr. STEFAN. That is perfectly satisfactory, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2603, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. RABAUT. Mr. Chairman, I yield myself 25 minutes.

Mr. Chairman, we bring before the Committee today the appropriation bill for the Departments of State, Justice, and Commerce, the Federal judiciary and the Federal loan agency known as the Reconstruction Finance Corporation.

While the total amount in this bill is approximately \$259,000,000, it does not seem large in comparison with other appropriations that are passed by this Committee. Nevertheless it is a huge sum, involving many items of appropriation and calling for extensive hearings, which hearings were started on January 16. I would be remiss in my position today as chairman of the subcommittee were I to fail to pay proper tribute to the devotion of my colleagues for their attention and interest during the committee hearings. Their records and long membership in the House for the most part are well known to the Committee. This subcommittee is composed of Messrs. KERR, HARE, O'BRIEN of Illinois, STEFAN, JONES, and the new member, DEAN M. GILLESPIE. All

members took a very decided interest in the bill and I could very properly refer to the committee as a well coordinated team. I know that the committee individually and collectively would endorse my full appraisal for the work of our executive secretary, Russ Orescan. It can be said of him that he measured neither time nor effort in his devotion to his task.

In order to give the Committee an accurate picture of the appropriations for these departments I would like to refer you to page 2 of the committee report wherein it will be noted that the amount of the war overtime appropriation for the current fiscal year is not included in the fiscal year 1946 estimates and has been deducted for comparative purposes; that the amount recommended when compared with the current year's appropriation reflects an increase of something over \$23,000,000. The deductions effected by the committee total approximately \$13,500,000 under the Budget estimates.

The committee was not unmindful of the present debt of the Nation resulting from the huge expenditures necessary for the war program and its sentiments in this regard are set forth in the report. The committee recognizes that this is not a partisan matter but is the concern of every Member of the House. However, it should be borne in mind that this appropriation is made to four of the old line agencies of the Government all of which have had their individual part to play in the war effort both directly and indirectly.

DEPARTMENT OF STATE

The amount of the increase that is being recommended for the Department of State is something over \$24,000,000. Of this increase about \$1,000,000 is for the departmental service in Washington and \$21,500,000 for the maintenance of the Foreign Service organization abroad, which at the present time consists of 250 missions and consular offices. Provision was made in the First Supplementary Appropriation Act, fiscal year 1945 for the opening of 32 additional consular offices and the increase recommended for this Service is, in the main, to continue on a full-year basis the program already authorized for a part of the year.

The cost of maintaining the State Department on a full-year basis according to the estimates as presented is less than it costs to wage war, as it is waged today, for approximately 8 hours. I should like to quote Mr. Grew:

The Department of State, under the direction of the President and in close cooperation with the Congress, is responsible for the achievement of our foreign policy objectives. On several recent occasions the Secretary has outlined our major foreign policy objectives. They are:

First. The fullest possible support in the conduct of our foreign relations for our armed forces so that the war may be won at the earliest possible moment;

Second. Effective steps to prevent Germany and Japan, after victory by the United Nations, from again acquiring the power to wage aggressive war;

Third. Establishment at the earliest possible moment of a United Nations organization capable of building and maintaining the peace for generations to come. Resolutions passed by both Houses of Congress

HOUSE

10. COMMODITY CREDIT. Agreed to Rep. Spence's (Ky), request to permit the conferees on S.298, the CCC bill, to file a report before midnight, Mar. 15; and Rep. Spence announced that the bill, if completed, will be called up today (p.2318).
11. STATE, JUSTICE, COMMERCE, JUDICIARY, AND FEDERAL LOAN AGENCY APPROPRIATION BILL, 1946. Continued debate on this bill, H.P. 2603 (pp. 2320-36). The language authorizing the Secretary of State to pay transportation and other expenses of citizens of the other American republics while traveling in the Western Hemisphere and to make advances of funds; to make contracts with, and grants of money or property to, governmental and public or private nonprofit institutions and facilities in the U.S. and the other American republics; and, subject to the President's approval, to transfer from this appropriation to other Government agencies for expenditure in the U.S. and in other American republics any part of this amount for direct expenditure by such Government agency for the purpose of this appropriation contained in the section providing for Latin American cooperation was stricken on a point of order raised by Rep. Rees, Kans. (pp. 2335-6).
During the debate on the bill, Rep. Voorhis, Calif., opposed the Mexican-Colorado River Treaty (pp. 2332-3). Rep. Rees criticized "off the record" testimony before the Appropriations Committee; recommended the establishment of an independent agency responsible to Congress that would study proposed Government expenditures; and stated, "There ought to be more coordination between the Appropriations Committee...and the Ways and Means Committee" (p.2327). Majority Leader McCormack announced the legislative program for the coming week as follows: Mon., the Lemke resolution on the drafting of farm labor, The Lenham resolution, continuing the housing investigation, and H.Res. 96, continuing the investigation of public land problems and use of land in rehabilitation of veterans; Tues., resolutions not disposed of on Mon.; Wed., Thurs., and Fri., if necessary, the Agriculture appropriation bill; and conference reports will be considered if any are reported (p. 2335).
12. EDUCATION. Rep. Barden, N.C., announced that the date of the hearings on H.R. 1296, the Federal aid to education bill, will begin on Apr. 24 rather than Apr. 10 because "it is...expected that we will have a recess beginning probably about 24th of this month and lasting until the 10th or 15th of April" (p. 2317).
13. FARM RELIEF. Received a Mass. Legislature resolution urging WFA to "grant relief to farmers in the existing [hay] emergency" (p. 2339).

BILLS INTRODUCED

14. RETIREMENT. H.R. 2638, by Rep. Neely, W.Va., to grant a temporary increase in certain annuities under the Civil Service Retirement Act, approved May 29, 1930, as amended. To Civil Service Committee. (p. 2338.)
15. SELECTIVE SERVICE. H.R. 2626, by Rep. May, Ky., to extend the Selective Training and Service Act of 1940, as amended. To Military Affairs Committee. (p.2338.)
16. PATENTS. By Rep. Boykin, Ala., H.R. 2630, to provide for the public registering of patents available for licensing; H.R. 2631, to limit the life of a patent to a term commencing with the date of the application; and H.R. 2632 to require the recording of agreements relating to patents. To Patents Committee. (p. 2338.)
17. RENEGOTIATION. H.R. 2638, by Rep. Doughton, N.C., to extend through December 31, 1945, the termination date under the Renegotiation Act. To Ways and Means Committee. (p. 2338.)

ITEMS IN APPENDIX

18. RESEARCH. Rep. Lemke, N.Dak., inserted L.C. Moise's article commending the work of the war dogs and favoring the Lemke bill banning vivisection (p. Al297).
19. BANKING AND CURRENCY. Sen. Wagner, N.Y., inserted Secretary Morgenthau's address favoring the Bretton Woods Agreements (pp. Al318-21).
 Sen. Myers, Pa.; inserted Philadelphia Record and Milwaukee Journal editorials favoring the Bretton Woods agreements (pp. Al298-9).
 Sen. Murray, Mont., inserted Rev. E.A. Conway's address, "The Big Bankers and Bretton Woods" (p. Al298).
20. VETERANS. Rep. Short, Mo., inserted Rep. Knutson's (Minn.) radio address discussing veterans' post-war opportunities in industry and agriculture in the Western States (pp. Al299-1301).
21. TAXATION. Extension of remarks of Rep. Patman, Tex., including Iowa State Sen. Jamieson's paper opposing the amendment to limit the power of Congress to tax income to 25% (pp. Al301-2).
 Rep. Neely, Va., inserted a Labor editorial denying that rail workers are in favor of limiting the taxing power (p. Al302).
22. MANPOWER. Rep. Roe, Md., inserted Ralph H. Grier's letter favoring H.R.1752, the manpower bill (p. Al306).
23. FARM LABOR; SELECTIVE SERVICE. Extension of remarks of Rep. Schwabe, Okla., including a farmer constituent's letter, claiming administrative disregard to the Tydings farm-labor deferment amendment (pp. Al306-7).
24. FARM LABOR; MILITARY TRAINING. Rep. Schwabe, Okla., inserted a constituent's letter opposing national peacetime military training and favoring deferment of farm labor (pp. Al310-11).
25. LOAN AGENCIES. Rep. Wigglesworth, Mass., inserted a Washington Evening Star article discussing the administrative merits of Jesse Jones, FLA Administrator Vinson, and WLB Chairman Taylor (p. Al310).
26. PRICE CONTROL. Rep. Morrison, La., inserted his letter to OPA Administrator Bowles discussing his stand regarding the exclusion of Congressmen from price-setting meetings (p. Al311).
27. MISSOURI VALLEY AUTHORITY. Rep. Barrett, Wyo., inserted a Miles City (Mont.) Star editorial suggesting an investigation into the activities of Morris L. Cooke relative to the Missouri Valley Authority (pp. Al311-2).
28. FOOD PROCESSING; TRANSPORTATION. Rep. Woodruff, Mich., inserted Matthew Woll's Reader's Digest article discussing the transportation, manpower, and subsidy problems relative to the wheat and flour situation (pp. Al315-6).
29. CONGRESSIONAL ORGANIZATION. Rep. Kefauver, Tenn., inserted Leonard D. White's article discussing congressional reorganization relative to its control of the administrative system (pp. Al320-1).

avorably without amendment (Rept. No. 337) a privileged resolution (H. Con. Res. 33), authorizing the printing of additional copies of the bill (H. R. 2200) to revise, codify, and enact into law title 13 of the United States Code, entitled "Crimes and Criminal Procedure", together with the accompanying report thereon; and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That there shall be printed 1,150 additional copies of the bill (H. R. 2200) to revise, codify, and enact into law title 18 of the United States Code, entitled "Crimes and Criminal Procedure", together with the accompanying report thereon, of which 200 copies shall be for the use of the House document room, 200 copies for the use of the Senate document room, and 750 copies for the use of the Committee on Revision of the Laws, House of Representatives.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CORRECTION OF RECORD

Mr. JARMAN. Mr. Speaker, I ask unanimous consent that the CONGRESSIONAL RECORD be corrected in several instances, as follows:

On page 2158 of the RECORD of March 13, in the third column, line 47, the word "in" should be stricken.

On page 2159, in the first column, the eighth line from the bottom, the word "what" should be "that."

On the same page in the third column, the twenty-fourth line, the word "preferably" I said "preferable."

On page 2160, the first column, line 27, between the words "get" and "percent" should be inserted the figure "20."

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

THE ITALIAN FRONT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the Italian front most persons pass by these days without a glance.

That peninsula whose V-shaped peaks terminate almost at the water's edge—of both the Adriatic and the Tyrrhenian Seas. Swift, short rivers dash seaward from the icy peaks, cutting valleys down both slopes of the "spine." These valleys and their ridges must be crossed. Those swift streams must be forded. Every conceivable path of progress is "zeroed in" with deadly 88's and hellish 81 millimeter mortars—all the way back to the Brenner Pass, Salerno, the Rapido, the Volturno, Cisterno, and Cassino. And then a rest. The "rest" was called the Anzio beachhead. Some day we will know the full, true story of the Anzio beachhead.

Rome was liberated the day before the Allies landed in Normandy. The fighting has been equally tough on both fronts. But on the one there has been the glory of the break-through at St. Lo, the de-

struction of the German Seventh Army in the Falaise pocket, the liberation of Paris, the stand at Bastogne, the hammering back of Von Rundstedt's Belgian bulge—and now—the bridge at Remagen. No more glory on the Italian front.

But death is just as rampant and just as ugly there. Fox holes are just as frozen. Mud is just as deep. American blood reddens soil and river alike with the same dye.

It is on the Italian front that, with but equal numerical strength, General Clark and his men are not only containing 27 to 28 German divisions; containing them far from the Remagen bridgehead, but pushing back, ever back, the so-vaunted Wehrmacht.

Lest we forget—a thought—a prayer—words of praise for our American sons of freedom's "forgotten front."

Mr. Speaker, I ask unanimous consent that the Speaker may send to General Clark and his officers and men an appropriate message from the House of Representatives, congratulating them on their victories and their bravery, and that we of the House of Representatives realize and appreciate, with complete understanding of its great significance, the great work they are performing on the front on which they are engaged, and appreciate the valuable contributions that they have made, that they are now making, and will continue to make, to the early and successful termination of the war.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

REPORT BY CONFEREES ON BILL CONTINUING COMMODITY CREDIT CORPORATION

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the conferees on the bill (S. 298) continuing Commodity Credit Corporation as an agency of the United States Government be given until 12 o'clock midnight to file a report.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us when he intends to call up this conference report?

Mr. SPENCE. We will meet at 4 o'clock, and I suppose we will call it up tomorrow.

Mr. MARTIN of Massachusetts. The gentleman intends to bring it up tomorrow in the House?

Mr. SPENCE. We intend to bring it up tomorrow if we complete it tonight; yes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF REMARKS

Mr. ROE of Maryland asked and was given permission to extend his remarks in the RECORD and make a brief statement on the manpower situation and include a letter from one of his constituents.

Mr. COFFEE asked and was given permission to extend his own remarks in two instances on two topics, and in one to include newspaper articles.

PERMISSION TO ADDRESS THE HOUSE

Mr. COFFEE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

(Mr. COFFEE asked and was given permission to revise and extend his remarks.)

[Mr. COFFEE addressed the House. His remarks appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the appendix of the RECORD, first to include a resolution filed by Thomas Dorgan, clerk of Superior Court of Boston, with the Massachusetts Legislature, and, secondly, to include a newspaper item.

Mr. PRICE of Illinois asked and was given permission to extend his remarks and include therein certain statements from Clark C. Griffith.

THE MARINES' ISLAND: IWO JIMA

Mr. HAYS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HAYS. Mr. Speaker, I am today introducing a House joint resolution to provide that the island of Iwo Jima shall hereafter be known as the Marines' Island. This official recognition of the bravery displayed by the Marine Corps in the historic and crucial battle just ending is but a slight expression of the profound gratitude of the American people for their remarkable achievement. Its passage by the Congress would express, as perhaps no other official action might just at this time, our appreciation for the courage of our men and their devotion to duty under circumstances unparalleled in history.

Iwo Jima has such special significance that it would seem appropriate to give it immediately a name that would be a constant reminder of this bright chapter in the Marine Corps history and a perpetuation of what our fighting men did to acquire and hold this strategic piece of land. This proposal is not my own but was originated by my friend, Mr. C. N. Rainwater, of Little Rock, Ark. I am glad to embody the idea in a resolution and trust it will receive prompt approval.

When I first discussed this suggestion with a high ranking officer in the Marine Corps he agreed that a new name would be appropriate, but that the name should also be identified with the Navy, which must be credited with gallantry at Iwo, but I believe that there will be other ways of honoring the Navy and that the men of that great branch of our service would agree in this instance that the marines, having borne the brunt of the fighting and having sacrificed so heavily the lives of their men, should have this special recognition.

resents that "Serutan" (a trade name coined by spelling "natures" backward) will promote normal or regular action by the digestive or elimination organs, will strengthen these organs or stimulate them.

"The use by respondents of the false, deceptive, and misleading representations with respect to the product Serutan," the Commission stated, "has the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that such false and misleading representations are true, and as a result the purchasing public is induced to purchase substantial quantities of such product."

"The aforesaid acts and practices as herein found are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meanings of the Federal Trade Commission Act."

(Mr. WILSON asked and was given permission to revise and extend his remarks.)

COMMITTEE ON EDUCATION

Mr. BARDEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BARDEN. Mr. Speaker, the Committee on Education sometime ago set the date of April 10 to begin hearings on the bill H. R. 1296, the Ramspeck bill, generally referred to as the Federal aid to education bill.

In view of the fact that it is generally expected that we will have a recess beginning probably about 24th of this month and lasting until the 10th or 15th of April, the committee at the request of and in concurrence with the gentleman from Georgia [Mr. RAMSPECK] the author of the bill, has agreed to change the date of the hearings from April 10 to April 24. I thought this announcement should be made now in view of the fact that the press has carried stories regarding these proposed hearings and that many Members have been receiving correspondence in that connection.

WAR DEPARTMENT CIVIL FUNCTIONS APPROPRIATION BILL, 1946

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2126) making appropriations for the fiscal year ending June 30, 1946, for civil functions administered by the War Department, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The speaker appointed as conferees on the part of the House Messrs. SNYDER, KERR, MAHON, NORRELL, HENDRICKS, POWERS, ENGEL of Michigan, and CASE of South Dakota.

DETERMINATION AND PAYMENT OF CERTAIN CLAIMS AGAINST THE GOVERNMENT OF MEXICO

Mr. BLOOM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution

(H. J. Res. 115) relative to determination and payment of certain claims against the Government of Mexico.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That section 5 of the Settlement of Mexican Claims Act of 1942, approved December 18, 1942 (56 Stat. 1058), is amended by adding a new subsection numbered (d) and reading as follows:

"(d) In any case in which the Commission shall enter an award, it shall, as soon as practicable, certify such award to the Secretary of the Treasury."

SEC. 2. Section 5 (d) of such act is amended to read as follows:

"(e) The Commission shall, upon the completion of its work, transmit in duplicate to the Secretary of State and to the Secretary of the Treasury the following:

"(1) A list of all claims disallowed;

"(2) A list of all claims allowed, in whole or in part (together with the amount of each claim and the amount awarded thereon); and

"(3) A copy of the decision rendered in each case."

SEC. 3. Section 8 (c) of such act is amended to read as follows:

"(c) The Secretary of the Treasury is authorized and directed, out of the sums covered into the fund pursuant to subsection (b) of this section, and after making the deduction provided for in section 10 (b), to make payments on account of awards and appraisals certified pursuant to section 4 (b), 4 (c), and 6 (b) of this act prior to the date of the enactment of the Settlement of Mexican Claims Act Amendments of 1945 of an amount not to exceed 30 percent of the award or appraisal in each case, exclusive of interest; and, on and after July 1, 1945, the Secretary of the Treasury is authorized and directed, out of the sums covered into the fund pursuant to subsection (b) of this section, and after making the deduction provided for in section 10 (b), to make an additional payment on account of awards and appraisals certified pursuant to sections 4 (b), 4 (c), and 6 (b) of this act prior to the date of the enactment of the Settlement of Mexican Claims Act Amendments of 1945, of an amount not to exceed 10 percent of the award or appraisal in each case, exclusive of interest."

SEC. 4. Section 4 (b) of such act is amended to read as follows:

"(b) In connection with such cases, the Commission shall, as soon as practicable, notify each claimant, or his attorney, by registered mail to his last-known address, of the appraisals so made. Within a period of 30 days after the mailing of such notice, the claimant shall notify the Commission in writing whether the appraisal so made is accepted as final and binding, or whether a petition for review will be filed as provided in subsection (c). If the claimant fails to so notify the Commission in writing within such period, or if the Commission is notified within such period of the final acceptance of such appraisal, it shall, at the expiration of such period, enter an award on the basis of such appraisal: *Provided*, That if the Commission's efforts to notify the respective claimants, or their attorneys have failed to disclose their whereabouts, the Commission may, at the expiration of a period of 30 days from the date of the enactment of the Settlement of Mexican Claims Act Amendments of 1945, enter an award on the basis of such appraisal."

SEC. 5. Section 2 (d) of such act is amended to read as follows:

"(d) The authority of the Commission under this act, and the terms of office of its members, shall terminate at the expiration

of 4 years after the date on which a majority of its members first appointed take office, but the President may by Executive order fix an earlier termination date. Upon the termination of the authority of the Commission, all books, records, documents, and other papers in the possession of the Commission shall be deposited with the Department of State."

SEC. 6. So much of section 8 (d) of such act as precedes paragraph (2) is amended to read as follows:

"(d) On or after July 1, 1945, the Secretary of the Treasury is authorized and directed, to the extent that it may be possible to do so out of the sums covered into the fund pursuant to subsection (b) of this section, and after making the deduction provided for in section 10 (b)—

"(1) to make similar payments of not to exceed 40 percent on account of the principal amount of the awards certified pursuant to section 5 (d) of this act."

SEC. 7. Section 4 (c) of such act is amended to read as follows:

"(c) In any case in which the Commission is so notified in writing that a petition for review will be filed, the Commission shall prescribe a reasonable period, which may be extended in the discretion of the Commission, within which such petition, together with written legal contentions in support thereof, shall be filed. If no petition for review is filed within the period or any extension thereof prescribed by the Commission, it shall enter an award on the basis of the appraisal in such case."

SEC. 8. This joint resolution may be cited as the "Settlement of Mexican Claims Act Amendments of 1945."

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRINTING ADDITIONAL COPIES OF HEARINGS RELATIVE TO COTTON

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report (Rept. No. 336) back favorably without amendment a privileged resolution (H. Con. Res. 34) authorizing the special committee of the Committee on Agriculture, designated by the chairman to study post-war plans for agriculture, particularly as relate to cotton, to have printed for its use additional copies of the hearings held before said committee during the second session of the Seventy-eighth Congress and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the special committee of the Committee on Agriculture, House of Representatives, designated by the chairman to study post-war plans for agriculture, particularly as relate to cotton, be, and is hereby, authorized and empowered to have printed for its use 2,500 additional copies of the hearings held before the said special committee during the second session of the Seventy-eighth Congress.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL COPIES OF THE BILL (H. R. 2200), TOGETHER WITH ACCOMPANYING REPORT THEREON

Mr. JARMAN. Mr. Speaker, from the Committee on Printing I report back fa-

6. COMMODITY CREDIT. Received the conference report on S. 298, the CCC bill. As reported from conference, the bill provides as follows:
- Increases CCC's borrowing power to \$4,750,000. Suspends, until two years after Jan. 1 immediately following the end of the war, restrictions on the sale of cotton in Sec. 381 (c) of the Agricultural Adjustment Act of 1938, and provides that during this period CCC shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price except that such restrictions shall not apply to the following: (1) Sales for new or byproduct uses; (2) sales of oil peanuts; (3) sales for export; (4) sales for seed or feed, provided that no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made and provided that in making regional adjustments in the sale price of corn or wheat for feed, the minimum price need not be higher in any area than the U. S. average corn parity price; (5) sales of non-basic perishable commodities when there is danger of waste from spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. Provides that the present method used for purposes of CCC loans for determining parity price for 7/8 inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for 7/8 inch Middling cotton at such average location. Makes inapplicable to CCC, for the fiscal year 1946, the prohibition in the Stabilization Extension Act of 1944 against subsidies, etc., but limits CCC subsidies as follows: (1) Permits payments to complete operations for 1944 and prior-year crop programs and to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (2) permits payments in amounts not over \$568,000,000 during fiscal year 1946 for the dairy production payment program, \$120,000,000 during that period for other noncrop programs, and \$225,000,000 for the 1945 crop program. Authorizes the interchange of funds for the above operations up to 10% but prohibits the total subsidy payments and losses absorbed under any one of the operations from being increased by more than 10%. Provides that the rate of payment per pound of butterfat delivered under the dairy-production payment program beginning Apr. 1945, shall not be less than 25% of the national weighted average rate of payment per 100 pounds of whole milk delivered. Provides for annual appraisals of CCC assets as of June 30 (now Mar. 31) on the basis of the lower of average market price during the last month of the fiscal year or cost (now the lower of cost, including not more than one year's charges, or average market prices for 12 months before appraisal). Continues CCC as a Government agency from June 30, 1945, until June 30, 1947. (pp. 2820-2.) The Senate has not yet received the conference report.
7. MANPOWER. Both Houses received the conference report on H. R. 1752, the manpower bill (pp. 2806-10, 2825-8). The conference agreement contains the Senate amendment relating to the manner in which Sec. 5(k) of the Selective Training and Service Act shall be applied. The House conferees' statement states, "This provisions in conjunction with the authority of the Director to invoke a 'freeze' will keep workers on the farms unless satisfactorily replaced and thus prevent declines in farm production."
8. DUAL EMPLOYMENT. Agreed to, without amendment, H. J. Res. 142, authorizing the Doorkeeper of the House of Representatives to employ, whenever necessary, the services of Government employees for folding speeches and pamphlets at the prevailing rates provided by law (p. 2820).
9. HOUSING. Received the conference report on S. 681, to increase the mortgage authorization under the National Housing Act, to extend the Federal Housing Authority until July 1, 1946, and to assist in the liquidation of housing

properties (p. 2822).

20. EXPENDITURES. Received an Iowa Legislature resolution favoring constitutional control of the Budget toward balancing Federal expenditures and income (p. 2840).

21. INVESTIGATIONS. Agreed without amendment to H. Res. 205, authorizing additional funds not to exceed \$20,000 to be incurred by the Interstate and Foreign Commerce Committee for continuing an investigation with respect to petroleum (p. 2818-9).

Agreed without amendment to H. Res. 206, authorizing additional funds not to exceed \$15,500 to be expended by the Labor Committee to continue an investigation relating to aid given by Federal, State, and local governments and private agencies to the physically handicapped (p. 2819).

Agreed without amendment to H. Res. 207, authorizing additional funds not to exceed \$7,000 to be expended by the Public Lands Committee to continue a study of certain public-land problems and the use of public lands in the rehabilitation of veterans (p. 2819).

Agreed without amendment to H. Res. 208, authorizing additional funds not to exceed \$46,000 to be expended by the Naval Affairs Committee to continue an investigation of the progress of the war effort (p. 2819).

22. WILDLIFE. Received Interior's proposed legislation to amend the Alaska game law. To Territories Committee. (p. 2839.)

BILLS INTRODUCED

23. BANKING AND CURRENCY. S. 790, by Sen. Bailey, N. C., to authorize and direct the sale of certain U. S. notes and obligations to private persons, firms, associations, or corporations. To Finance Committee. (p. 2790.)

H. R. 2776, by Rep. Spence, Ky., and S. 792, by Sen. Wagner, N. Y., to control and regulate bank holding companies, to control and regulate relationships between insured banks and their affiliates. To Banking and Currency Committee. (pp. 2790, 2840.)

24. SUBSIDIES. H. R. 2775, by Rep. Spence, Ky., permitting certain subsidy and loan operations, in the case of flour, without regard to the provisions of the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942. To Banking and Currency Committee. (p. 2840.)

25. PUERTO RICO. H. R. 2781, by Rep. Marcantonio, N. Y., to provide for Puerto Rican independence. To Insular Affairs Committee. (p. 2840.)

26. TESTIMONY. H. J. Res. 144, by Rep. Horan, Wash., to require the head of each department, agency, or independent establishment in the executive branch of the Government to appear monthly before the committee of the House of Representatives concerned with its activities. To Rules Committee. (p. 2840.)

ITEMS IN APPENDIX

27. FULL-EMPLOYMENT BUDGET. Sen. Murray, Mont., inserted a series of excerpts and quotations favoring full-employment legislation (pp. A1583-6).

Sen. Brewster, Maine, inserted a Washington Post article on post-war problems and full employment, including a London Economist's article. (p. A158)

28. TAXATION. Extension of remarks of Rep. Patman, Tex., including Pres. Guenther (Nebr. State Federation of Labor) editorial, criticizing the proposed

eighth Congress, and House Resolution 187 of the Seventy-ninth Congress, incurred by the Committee on Interstate and Foreign Commerce, acting as a whole or by subcommittee not to exceed \$20,000 in addition to the unexpended balances of sums heretofore made available, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on Accounts.

SEC. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia, unless otherwise officially engaged.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INVESTIGATION BY COMMITTEE ON LABOR

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts, I present House Resolution 206 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations authorized by House Resolution 230 of the Seventy-eighth Congress and continued by House Resolution 45 of the Seventy-ninth Congress incurred by the Committee on Labor acting as a whole or by subcommittee not to exceed \$15,500 in addition to the unexpended balances of sums heretofore made available, including expenditures for the employment of experts, and clerical, stenographic, and other assistants shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof and approved by the Committee on Accounts.

SEC. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia unless otherwise officially engaged.

The resolution was agreed to.

INVESTIGATION BY COMMITTEE ON PUBLIC LANDS

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts, I submit House Resolution 207 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations authorized by House Resolution 281 of the Seventy-eighth Congress and continued by House Resolution 96 of the Seventy-ninth Congress, incurred by the Committee on Public Lands, acting as a whole or by subcommittee, not to exceed \$7,000 in addition to the unexpended balances of sums heretofore made available, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on Accounts.

SEC. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia unless otherwise officially engaged.

The resolution was agreed to.

INVESTIGATION BY COMMITTEE ON NAVAL AFFAIRS

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts,

I submit House Resolution 208 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the further expenses of conducting the studies and investigations authorized by House Resolution 162 of the Seventy-seventh Congress, continued by House Resolution 30 of the Seventy-eighth Congress, and continued by House Resolution 154 of the Seventy-ninth Congress, incurred by the Committee on Naval Affairs acting as a whole or by subcommittee not to exceed \$46,000, in addition to sums heretofore made available, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof and approved by the Committee on Accounts.

SEC. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia unless otherwise officially engaged.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. RICH. I would like to ask the gentleman from Georgia [Mr. VINSON] a question with reference to this investigation. I think the money has been well spent and I think the committee is doing a grand job. There is one thing, however, that I think can be improved upon in this legislation when the gentleman from Georgia brings it to the floor of the House. That is the fact that all corporations in this country are compelled to make a trip to one of these great centers to consult with the people they have there to do the investigating on renegotiation. At a time when it is most difficult for the industries of this country to have sufficient manpower to do the work incumbent upon them at the present time, they are called upon to do this extra work and make a trip from my district to New York City. The reason I am making this statement is that when we passed this resolution I supported it, and I am glad I did, because I think the gentleman from Georgia is doing a fine job in getting these renegotiation kick-backs into the Treasury of the United States out of the fabulous profits that have been made by a few war-plant corporations.

Mr. VINSON. The gentleman refers to renegotiations?

Mr. RICH. I refer to renegotiations, but I call them kick-backs just the same—kick-backs to the Treasury of the United States. Now, if a corporation earns even 10 or 15 percent during the year, I cannot see any justification for calling to these great centers every corporation and compelling them to go through the rigmarole that they have to go through in order to permit themselves to operate. If you will do that, you will do the country a great good, because the corporations are now drained by excess-profits taxes and by other taxes which they have to pay. You will save a lot of money by cutting down your office space and you will eliminate a lot of people from the offices that you now have located in New York and other cities and you will save the manpower in the corporations. The Treasury will not lose

any money and we will be doing a sensible, businesslike thing. Let us do it. Any corporation that swears to the fact that their earnings are not over 15 percent on the value of business done during the year need not be renegotiated. The country will be just as well off and I am in hopes that the chairman of this committee will change that law so that every corporation that does not make over 10-percent profit on the volume of business transacted will not be molested by this committee.

Mr. VINSON. May I suggest to the distinguished gentleman from Pennsylvania that an extension of the renegotiation statute is now being considered by the Committee on Ways and Means. When they commence hearings after the Easter recess it is my intention to appear before the committee and convey to them the thought that is in the gentleman's mind, because it runs along toward the same conclusion I have reached.

Mr. COCHRAN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

STUDY AND INVESTIGATION BY COMMITTEE ON PUBLIC BUILDINGS AND GROUND

Mr. COCHRAN. Mr. Speaker, I submit a privileged resolution and ask for its immediate consideration, House Resolution 209, providing for the expenses of conducting the study and investigation authorized by House Resolution 62 of the Seventy-ninth Congress incurred by the Committee on Public Buildings and Grounds.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations authorized by House Resolution 304 of the Seventy-seventh Congress, continued by House Resolution 161 of the Seventy-eighth Congress and continued by House Resolution 62 of the Seventy-ninth Congress incurred by the Committee on Public Buildings and Grounds acting as a whole or by subcommittee not to exceed \$7,500 in addition to the unexpended balances of sums heretofore made available, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof and approved by the Committee on Accounts.

SEC. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia, unless otherwise officially engaged.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMPENSATION TO ASSISTANT TO SUPERINTENDENT OF HOUSE PRESS GALLERY

Mr. COCHRAN. Mr. Speaker, I present a privileged resolution and ask unanimous consent for its immediate consideration, House Resolution 210,

providing for the compensation of the assistants to the Superintendent of the House Press Gallery.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

Resolved, That effective April 1, 1945, the compensation of the assistants to the Superintendent of the House Press Gallery in lieu of the rates specified in the Legislative and Judiciary Appropriations Act, 1945, shall be as follows:

"One at the rate of \$3,000 per annum and one at the rate of \$2,220 per annum, which amounts shall be paid out of the contingent fund of the House until otherwise provided by law."

Mr. COCHRAN. Mr. Speaker, this resolution results from a request by the standing committee on the Press Gallery. No money is involved, that is, from the standpoint of increase. They request that one salary be raised a little and the other reduced a little.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE HOUSE FOLDING ROOM

Mr. COCHRAN. Mr. Speaker, I present a privileged resolution and ask unanimous consent for its immediate consideration, House Joint Resolution 142, authorizing the employment whenever necessary of the services of Government employees for folding speeches and pamphlets.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That notwithstanding the provisions of the act of May 10, 1916, as amended by the act of August 29, 1916, the Doorkeeper of the House of Representatives is hereby authorized during the Seventy-ninth Congress, to employ, whenever necessary, the services of Government employees for folding speeches and pamphlets at the prevailing rates provided by law.

Mr. COCHRAN. Mr. Speaker, this is similar to a resolution that was passed in the last Congress. It provides simply that page boys and others may work in the folding room to get out speeches, and so forth. There is a shortage of manpower. No additional appropriation is involved.

Mr. Speaker, I move the previous question on the joint resolution.

The previous question was ordered.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. JACKSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein an article by Richard L. Neuberger.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech by Mr. Francis Biddle, Attorney General of the United States.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein three articles by Dr. Dilworth Lupton, columnist for the Cleveland Press.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. O'TOOLE. Mr. Speaker, I ask unanimous consent that after disposition of the regular business on the Speaker's table today and at the conclusion of any special orders heretofore entered, I may address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. HEDRICK asked and was given permission to extend his remarks in the RECORD and to include an article from the Raleigh Register of Beckley, W. Va.

Mr. HARLESS of Arizona asked and was given permission to extend his remarks in the Appendix of the RECORD and to include a memorial.

Mr. LUDLOW asked and was given permission to extend his remarks in the RECORD and to include certain editorials.

Mr. COURTNEY asked and was given permission to extend his remarks in the Appendix of the RECORD and to include two editorials.

Mr. VOORHIS of California asked and was given permission to extend his remarks in the Appendix of the RECORD on three subjects and to include excerpts in each one.

Mr. KIRWAN asked and was given permission to extend his remarks in the RECORD and to include an editorial from the Youngstown (Ohio) Vindicator.

Mr. KELLY of Illinois asked and was given permission to extend his remarks in the RECORD and to include a radio address made by himself on Saturday last.

Mr. MCKENZIE (at the request of Mr. MANSFIELD of Montana) was given permission to extend his remarks in the RECORD and to include an editorial.

Mr. MANSFIELD of Montana asked and was given permission to extend his remarks in the RECORD and to include

various editorials from Montana newspapers on the passing of Dean Arthur L. Stone.

Mr. WEISS (at the request of Mr. PRIEST), was given permission to extend his remarks in the Appendix of the RECORD and to include therein an editorial.

Mr. SPENCE asked and was given permission to extend his remarks in the RECORD and to include a letter from Marriner S. Eccles, Chairman of the Federal Reserve Board, and a statement in reference to a bill to control and regulate bank holding companies and so forth.

A LETTER TO SIDNEY HILLMAN

Mr. STEWART. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include an article from the Bennington (Okla.) Journal.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. STEWART. Mr. Speaker, Jhonnie Post oak writes again.

On this occasion he writes to Sidney Hillman propositioning him on the forming of a new union, in southeast Oklahoma, of clerks. He anticipates the membership to be about 2,000 at \$50 apiece. He wants Sidney Hillman to be manager and he the walking delegate, the two of them to split 50-50 the dues of \$3 a year.

The letter to which I refer follows:

JHONNIE POSTOAK WRITES SIDNEY HILLMAN

Mr. SIDNEY HILLMAN,

C. I. O.-P. A. C., Washington, D. C.:

Write you one time—Understand everything be cleared through you.

Me want organize union; just like big factories and war plants. This union be retail clerk and office workers union, southeastern Oklahoma. You president, me business manager, walking delegate. We split all money collected. Me half—you half. Look like get 2,000 members—charge \$50 membership fee—that be \$100,000—me \$50,000 you \$50,000; charge \$3 monthly dues. That be \$6,000—me \$3,000, you \$3,000.

Have two good men do organizing, Epsom Honubbe and Pluto Bektukola. They know how get results. Let me know you clear this proposition.

JHONNIE POSTOAK.

P. S.—When have election and somebody run for Congress like PAUL STEWART, maybe so assess each member \$1 that he one more \$1,000 each.

P. S.—Two time. When we get union organize we work up one more.

CONFERENCE REPORTS ON THE BILLS S. 298 AND S. 681

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the conferees on the bills S. 698 and S. 681 may have until 12 o'clock tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The conference reports and statements are as follows:

CONFERENCE REPORT ON S. 298

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other

purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is amended by striking out '\$3,000,000,000' and inserting in lieu thereof '\$4,750,000,000.'

"SEC. 2. The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the two-year period beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated. During the period of such suspension the Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that the foregoing restriction shall not apply to (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oil; (3) sales for export; (4) sales for seed or feed: *Provided*, That no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made: *And provided further*, That in making regional adjustments in the sale price of corn or wheat for feed, the minimum price need not be higher in any area than the United States average parity price for corn; (5) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for seven-eighths-inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths-inch Middling cotton at such average location for the purposes of this section.

"SEC. 3. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$568,000,000 for operations during the fiscal year ending June 30, 1946, with respect to the dairy production payment program, (2) \$120,000,000 for operations during the fiscal year ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations: *Provided*, That not to exceed 10 per centum of each amount specified in clauses (b) (1), (2), and (3) shall be available interchangeably for the operations described in such clauses but in no case shall the total subsidy payments and losses absorbed under any one of such clauses be increased by more

than 10 per centum: *Provided further*, That in carrying out the dairy production payment program, beginning April 1, 1945, the rate of payment per pound of butterfat delivered shall not be less than 25 per centum of the national weighted average rate of payment per one hundred pounds of whole milk delivered.

"SEC. 4. The first two sentences of section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, are amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

"SEC. 5. The first sentence of subsection (a) of section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is amended by striking out 'June 30, 1945' and inserting in lieu thereof 'June 30, 1947'."

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

R. F. WAGNER,
J. H. BANKHEAD,
GEO. RADCLIFFE,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

INCREASE IN AMOUNT OF OBLIGATIONS

The first section of the bill as passed by the Senate proposed to increase the amount of obligations which the Commodity Credit Corporation may have outstanding from the present limit of \$3,000,000,000 to \$4,500,000,000. The House amendment provided for an increase of such amount to \$5,000,000,000. In the first section of the conference substitute the amount is fixed at \$4,750,000,000.

SECTION 381 (C) OF AGRICULTURAL ADJUSTMENT ACT OF 1938

Section 3 of the bill as passed by the Senate provided for suspending the operation of section 381 (c) of the Agricultural Adjustment Act of 1938 (which imposes certain restrictions with respect to the sale of cotton by the Commodity Credit Corporation) until the expiration of the 2-year period beginning with the 1st day of January immediately following the date on which the President by proclamation, or the Congress by concurrent resolution, declares that hostilities in the present war have terminated. Such a provision was not contained in the House amendment, but the House amendment, by section 2 thereof, rewrote such section 381 (c) so as to substitute provisions, to be of temporary operation, similar to those carried in recent appropriation acts restricting the authority of the Commodity Credit Corpora-

tion to sell any farm commodity at less than the parity or comparable price therefor. This section of the House amendment would have had the effect of repealing such section 381 (c) as now in force.

In section 2 of the conference substitute, these provisions of the bill as passed by the Senate and of the House amendment are combined in such manner as to give full effect to the House provision, except that after the period of suspension above referred to section 381 (c) as now in force will again become effective.

SUBSIDY PAYMENTS AND PURCHASES FOR RESALE AT A LOSS

Section 4 of the bill as passed by the Senate and section 3 of the House amendment, though differing in several particulars, each had two general purposes: (1) to make the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended (which prohibits, after June 30, 1945, the making of subsidy payments or the buying of commodities for resale at a loss to facilitate the stabilization program, unless appropriations for such purpose have been made), inapplicable in the case of operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946, and (2) to impose limitations with respect to such subsidy payments and such absorption of losses.

The text of section 3 of the conference substitute is the same as section 3 of the House amendment.

The purpose and effect of section 3 of the conference substitute differ from the purpose and effect of section 4 of the bill as passed by the Senate in the following particulars:

Section 3 of the conference substitute authorizes subsidy payments under the dairy production payment program in the amount of \$568,000,000 for the fiscal year ending June 30, 1946. Section 4 of the bill as passed by the Senate authorized subsidy payments under such program in the amount of \$250,000,000 for the first half of such fiscal year and, if the war is not over, authorized such program to be continued during the last half of the fiscal year on a basis which would not involve subsidy payments in excess of \$250,000,000, subject to the requirement that the program be terminated immediately if the war should end before the close of the fiscal year. The increase in the limitation of funds for dairy production payments is provided to enable the Commodity Credit Corporation, if such action is determined to be necessary to encourage milk and butter production, to establish rates of payments at the levels which have prevailed since May 1, 1944.

Section 3 of the conference substitute authorizes subsidy payments and losses under other noncrop programs (including the feed-wheat program) in the amount of \$120,000,000 for the fiscal year ending June 30, 1946. Section 4 of the bill as passed by the Senate authorized subsidy payments and losses under such programs in the amount of \$60,000,000 for the first half of such fiscal year and, if the war is not over, authorized such programs to be continued during the last half of the fiscal year on a basis which would not involve subsidy payments and losses in excess of \$60,000,000, subject to the requirement that such programs be terminated immediately if the war should end before the close of the fiscal year.

Section 3 of the conference substitute permits 10 per cent of the respective amounts of the subsidy payments and losses authorized for (1) the dairy-production payment program during the fiscal year ending June 30, 1946, (2) other noncrop programs during such fiscal year, and (3) 1945 crop programs to be used interchangeably except that the total amount of subsidy payments and losses in any one of such classes of programs may not be increased beyond the amount otherwise authorized by more than 10 per cent. No comparable provision is contained in section 4 of the bill as passed by the Senate.

Section 3 of the conference substitute provides that in carrying out the dairy-production program beginning April 1, 1945, the rate of payment per pound of butterfat delivered shall not be less than 25 percent of the national weighted average rate of payment per hundred pounds of whole milk delivered. No comparable provision is contained in section 4 of the bill as passed by the Senate.

In all other particulars the purpose and intended effect of section 3 of the conference substitute and of section 4 of the bill as passed by the Senate (as described in S. Rept. 22) are identical. Thus, section 3 of the conference substitute is not intended to limit payments or losses incident to such operations of the Commodity Credit Corporation as sales of commodities for export at competitive world prices pursuant to section 21 (c) of the Surplus Property Act of 1944, sales of farm commodities for new or byproduct uses pursuant to section 2 of the conference substitute, sales of commodities, pursuant to section 2 of the conference substitute, which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage, and loans, purchases, or other price-support operations which do not involve supporting prices to producers of agricultural commodities at levels above those reflected by price ceilings.

APPRAISAL OF ASSETS AND LIABILITIES

Section 4 of the conference substitute contains the same amendment that was contained in the bill as it passed the Senate and the House amendment, providing for a revision in the date and basis of the annual appraisal of the assets and liabilities of the Commodity Credit Corporation.

CONTINUANCE OF COMMODITY CREDIT CORPORATION

Section 5 of the conference substitute, as did the bill as passed by the Senate and the House amendment, has the effect of extending the life of the Commodity Credit Corporation as an agency of the United States through June 30, 1947, or such earlier date as may be fixed by the President by Executive order.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

CONFERENCE REPORT ON S. 681

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 681) to amend the National Housing Act, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

J. H. BANKHEAD,
GEO. RADCLIFFE,
CHAS. W. TOBEY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 681) to amend the National Housing Act, as amended, and for other purposes, submit the following statement in explanation of the effect of the ac-

tion agreed upon by the conferees and recommended in the accompanying conference report:

The bill as passed by the Senate did four things: First, it increased the present authorization of the aggregate amount of mortgages permitted to be insured under title VI of the National Housing Act by \$100,000,000; second, it extended the termination date of the Federal Housing Administration authority to insure under such title from July 1, 1945, to July 1, 1946; third, it amended section 608 (g) of such act so as to assist the liquidation and sale of properties acquired by the administration under its war housing insurance contracts, by permitting mortgages executed in connection with the sale of such properties by the Administrator to be insured under such title without regard to the limitations upon time and aggregate amount contained therein; and, fourth, it amended section 3 (b) of the Securities Act of 1933 (which permits the Securities and Exchange Commission to exempt from the operation of that act certain issues of securities where the aggregate amount at which the issue is offered to the public does not exceed \$100,000), by changing the limit specified therein from \$100,000 to \$300,000.

The House amendment struck out all after the enacting clause of the Senate bill and inserted a substitute which was exactly the same as the bill as passed by the Senate, except that the proposed amendment to section 3 (b) of the Securities Act of 1933 was omitted. On this proposed amendment to the Securities Act of 1933 the Senate recedes.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

TREATMENT OF SERVICEMEN AT VETERANS FACILITIES

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I rise to report to the House that I have just received a letter and with it a resolution, which was passed by the ninth district of Indiana, Veterans of Foreign Wars. This resolution was forwarded to me by William J. Scott, district adjutant of that fine organization, which reads as follows:

On March 18 the Veterans of Foreign Wars of the ninth district held a meeting at Richmond, Ind., and a lengthy discussion was held regarding the treatment of servicemen at veterans' facilities.

A motion was made, which carried, that the district adjutant write to you and ask that a congressional investigation be conducted at the veterans' facilities at both Dayton, Ohio, and at Indianapolis, Ind.

It is our hope that this investigation may be had, as many instances of mistreatment have been reported to our organization—

He writes,

Mr. Scott is known personally by me. He has the best interest of the veterans at heart, and he is doing a magnificent job for them every day.

PROPOSED MEDAL FOR MOTHERS AND WIDOWS OF SERVICE PERSONNEL KILLED IN ACTION

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I wish to direct the attention of this House to the joint resolution which I am today introducing to authorize the presentation of medals to the widows, children, or mothers of the persons who lose their lives in the military or naval service of our country during World War No. 2.

Under the provisions of this joint resolution, which is being sponsored in the Senate by the Honorable JOSEPH C. O'MAHONEY, of Wyoming, the Secretary of War and the Secretary of the Navy are authorized to direct the United States mint to prepare a medal of such design as the Secretaries may agree upon, subject to the President's approval, to be presented to the widow of each person who shall have lost his life while serving on active duty in the military or naval forces of the country during the period beginning on December 7, 1941, and ending on the termination of the present war as proclaimed by the President. If there is no surviving widow, the medal will be presented to the eldest child, or if there is no surviving widow or child, to the mother of the deceased.

Naturally Senator O'MAHONEY and I hope this resolution may have the favorable action of the Congress. We offer it with no selfish, sectional, or political end in view. Our purpose in seeking the adoption of this resolution is to honor our brave men and women who have sacrificed their lives that our Nation may live and to contribute some measure of comfort to the families they have left behind.

EXTENSION OF REMARKS

Mr. WELCH asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the San Francisco Call-Bulletin.

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD in three instances: In one to include a tribute to the late Honorable Harry Barbour; in one to include a tribute to the late Judge Heidinger, and in one to include an editorial appearing in the New York Tribune.

Mr. GAMBLE asked and was given permission to extend his remarks in the RECORD in three instances: In two instances to include editorials, and in the third to include a letter from a constituent.

Mr. REES of Kansas asked and was given permission to extend his remarks in the RECORD and include a reprint from an article appearing in the Wall Street Journal on the war work in Wichita, Kans.

Mr. DOLLIVER asked and was given permission to extend his remarks in the RECORD and include House Concurrent Resolution No. 18 passed by the General Assembly of Iowa.

Mr. TOWE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. ROBERTSON of North Dakota asked and was given permission to extend his remarks in the RECORD and include an editorial.

CONTINUING COMMODITY CREDIT CORPORATION AS AN AGENCY OF THE UNITED STATES

MARCH 26, 1945.—Ordered to be printed

Mr. SPENCE, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany S. 298]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is amended by striking out "\$3,000,000,000" and inserting in lieu thereof "\$4,750,000,000".*

SEC. 2. *The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the two-year period beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated. During the period of such suspension the Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that the foregoing restriction shall not apply to (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oil; (3) sales for export; (4) sales for seed or feed: Provided, That no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made: And provided further, That in making regional adjustments in the sale price of corn or wheat for feed, the minimum price need not be higher in any area than the United States average parity price for corn; (5) sales*

of commodities which have substantially deteriorated in quality or of non-basic perishable commodities where there is danger of loss or waste through spoilage: or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for seven-eighths-inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths-inch Middling cotton at such average location for the purposes of this section.

SEC. 3. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: Provided, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$568,000,000 for operations during the fiscal year ending June 30, 1946, with respect to the dairy production payment program, (2) \$120,000,000 for operations during the fiscal year ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations: Provided, That not to exceed 10 percentum of each amount specified in clauses (b) (1), (2), and (3) shall be available interchangeably for the operations described in such clauses but in no case shall the total subsidy payments and losses absorbed under any one of such clauses be increased by more than 10 per centum: Provided further, That in carrying out the dairy production payment program, beginning April 1, 1945, the rate of payment per pound of butterfat delivered shall not be less than 25 per centum of the national weighted average rate of payment per one hundred pounds of whole milk delivered.

SEC. 4. The first two sentences of section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, are amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

Sec. 5. The first sentence of subsection (a) of section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is amended by striking out "June 30, 1945" and inserting in lieu thereof "June 30, 1947".

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

R. F. WAGNER,
J. H. BANKHEAD,
GEO. RADCLIFFE,

Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

INCREASE IN AMOUNT OF OBLIGATIONS

The first section of the bill as passed by the Senate proposed to increase the amount of obligations which the Commodity Credit Corporation may have outstanding from the present limit of \$3,000,000,000 to \$4,500,000,000. The House amendment provided for an increase of such amount to \$5,000,000,000. In the first section of the conference substitute the amount is fixed at \$4,750,000,000.

SECTION 381 (C) OF AGRICULTURAL ADJUSTMENT ACT OF 1938

Section 3 of the bill as passed by the Senate provided for suspending the operation of section 381 (c) of the Agricultural Adjustment Act of 1938 (which imposes certain restrictions with respect to the sale of cotton by the Commodity Credit Corporation) until the expiration of the 2-year period beginning with the 1st day of January immediately following the date on which the President by proclamation, or the Congress by concurrent resolution, declares that hostilities in the present war have terminated. Such a provision was not contained in the House amendment, but the House amendment, by section 2 thereof, rewrote such section 381 (c) so as to substitute provisions, to be of temporary operation, similar to those carried in recent appropriation acts restricting the authority of the Commodity Credit Corporation to sell any farm commodity at less than the parity or comparable price therefor. This section of the House amendment would have had the effect of repealing such section 381 (c) as now in force.

In section 2 of the conference substitute these provisions of the bill as passed by the Senate and of the House amendment are combined in such manner as to give full effect to the House provision, except that after the period of suspension above referred to section 381 (c) as now in force will again become effective.

SUBSIDY PAYMENTS AND PURCHASES FOR RESALE AT A LOSS

Section 4 of the bill as passed by the Senate and section 3 of the House amendment, though differing in several particulars, each had two general purposes: (1) to make the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended (which

prohibits, after June 30, 1945, the making of subsidy payments or the buying of commodities for resale at a loss to facilitate the stabilization program, unless appropriations for such purpose have been made), inapplicable in the case of operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946, and (2) to impose limitations with respect to such subsidy payments and such absorption of losses.

The text of section 3 of the conference substitute is the same as section 3 of the House amendment.

The purpose and effect of section 3 of the conference substitute differ from the purpose and effect of section 4 of the bill as passed by the Senate in the following particulars:

Section 3 of the conference substitute authorizes subsidy payments under the dairy production payment program in the amount of \$568,000,000 for the fiscal year ending June 30, 1946. Section 4 of the bill as passed by the Senate authorized subsidy payments under such program in the amount of \$250,000,000 for the first half of such fiscal year and, if the war is not over, authorized such program to be continued during the last half of the fiscal year on a basis which would not involve subsidy payments in excess of \$250,000,000, subject to the requirement that the program be terminated immediately if the war should end before the close of the fiscal year. The increase in the limitation of funds for dairy production payments is provided to enable the Commodity Credit Corporation, if such action is determined to be necessary to encourage milk and butter production, to establish rates of payments at the levels which have prevailed since May 1, 1944.

Section 3 of the conference substitute authorizes subsidy payments and losses under other noncrop programs (including the feed-wheat program) in the amount of \$120,000,000 for the fiscal year ending June 30, 1946. Section 4 of the bill as passed by the Senate authorized subsidy payments and losses under such programs in the amount of \$60,000,000 for the first half of such fiscal year and, if the war is not over, authorized such programs to be continued during the last half of the fiscal year on a basis which would not involve subsidy payments and losses in excess of \$60,000,000, subject to the requirement that such programs be terminated immediately if the war should end before the close of the fiscal year.

Section 3 of the conference substitute permits 10 percent of the respective amounts of the subsidy payments and losses authorized for (1) the dairy-production payment program during the fiscal year ending June 30, 1946, (2) other noncrop programs during such fiscal year, and (3) 1945 crop programs to be used interchangeably except that the total amount of subsidy payments and losses in any one of such classes of programs may not be increased beyond the amount otherwise authorized by more than 10 percent. No comparable provision is contained in section 4 of the bill as passed by the Senate.

Section 3 of the conference substitute provides that in carrying out the dairy-production program beginning April 1, 1945, the rate of payment per pound of butterfat delivered shall not be less than 25 percent of the national weighted average rate of payment per hundred pounds of whole milk delivered. No comparable provision is contained in section 4 of the bill as passed by the Senate.

In all other particulars the purpose and intended effect of section 3 of the conference substitute and of section 4 of the bill as passed by the Senate (as described in S. Rept. 32) are identical. Thus, section 3 of the conference substitute is not intended to limit payments or losses incident to such operations of the Commodity Credit Corporation as sales of commodities for export at competitive world prices pursuant to section 21 (c) of the Surplus Property Act of 1944, sales of farm commodities for new or byproduct uses pursuant to section 2 of the conference substitute, sales of commodities, pursuant to section 2 of the conference substitute, which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage, and loans, purchases, or other price-support operations which do not involve supporting prices to producers of agricultural commodities at levels above those reflected by price ceilings.

APPRAISAL OF ASSETS AND LIABILITIES

Section 4 of the conference substitute contains the same amendment that was contained in the bill as it passed the Senate and the House amendment, providing for a revision in the date and basis of the annual appraisal of the assets and liabilities of the Commodity Credit Corporation.

CONTINUANCE OF COMMODITY CREDIT CORPORATION

Section 5 of the conference substitute, as did the bill as passed by the Senate and the House amendment, has the effect of extending the life of the Commodity Credit Corporation as an agency of the United States through June 30, 1947, or such earlier date as may be fixed by the President by Executive order.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.



DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
Issued March 28, 1945, for actions of Tuesday, March 27, 1945)

(For staff of the Department only)

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HOUSE

1. COMMODITY CREDIT. Agreed to the conference report on S. 298, the CCC bill (for provisions see Digest 58) (p. 2899). The Senate has not yet acted on the report.
2. FOOD SUPPLY. Agreed with amendment, 292-7, to H. Res. 195, resolution providing for a special committee to investigate supplies and shortages of food, especially meat (pp. 2901-3). Reps. Anderson, N.Mex. (Chairman), Pace, Ga., Clements, Ky., Gorski, Ill., Andresen, Minn., Herter, Mass., and Holmes, Wash., were elected members of the select committee. Rep. Flannagan, Va., criticized the resolution (p. 2879).
3. FLOUR SUBSIDIES. Passed without amendment H.R. 2775, to permit subsidy and loss operations, in the case of flour, without regard to the limitations in Sec. 2(e) of the Emergency Price Control Act relating to less than maximum production (pp. 2900-1).
4. MANPOWER. Agreed, 167-160, to the conference report on H.R. 1752, the manpower bill (pp. 2881-99). The conferees retained the Senate provision clarifying the Tydings amendment regarding farm-labor deferments (see Digest 36). Reps. May, Ky., and Andrews, N.Y., discuss the farm-labor item (p. 2885). Rep. Miller, Nebr., stated, "The bill...regiments the farmer" (p. 2894). Rep. Savage, Wash., stated, "According to O.P.A. studies profits in...lumber and timber basic products are 1,064 percent higher" for 1944 than pre-war (p. 2898).
5. FOOD PRODUCTION. Rep. Elliott, Calif., commended Calif. food production (p. 2880).
6. POST-WAR AGRICULTURE. Received from the President the 1st report to the governments of the United Nations by the Interim Commission on Food and Agriculture (p. 2881). (See Digest 58.)

7. SMALL BUSINESS. On objection by Rep. Michener, Mich., passed over Rep. Spence's (Ky.) unanimous consent request for consideration of H.R.8, to extend the life of the Smaller War Plants Corporation until Dec. 30, 1946 (p. 2901).
8. PUERTO RICO. Agreed to Rep. Bell's (Mo.,) unanimous consent request to continue the investigation of political, social, and economic life of Puerto Rico until May 20, 1945 (p. 2903).
9. VETERANS' BENEFITS. Agreed to H.Con.Res. 37, authorizing the printing of a revised edition of H.Doc. 394, 78th Cong., "Handbook for Servicemen and Servicewomen of World War II" (pp. 2920-1).
10. PERSONNEL; FOREIGN SERVICE. Passed as reported H.R.689, to strengthen the Foreign Service, by permitting fullest utilization of available personnel and facilities of other U.S. agencies and coordination of activities abroad (pp. 2921-4).
11. DAIRY INDUSTRY. Rep. Murray, Wis., criticized administration of the Filled-Milk Act as it has been applied to the "filled-cream set-up," stated that it is "an example of maladministration, and inserted his correspondence with WFA and the Food and Drug Administration (pp. 2924-6).
12. ARKANSAS VALLEY AUTHORITY. Received an Arkansas Basin Flood Control Association petition opposing the establishment of an AVA and requesting that the river basin be developed by the Army Corps of Engineers (p. 2928).
13. LEGISLATIVE PROGRAM. Majority Leader McCormack, Mass., stated that there will be no business today (Mar.28) and there will be nothing until April 10 on the program (p. 2909).
14. APPROPRIATIONS. Received from the President (Mar. 22) supplemental appropriation estimates of \$60,000,000 for operations of disposal agencies under the Surplus Property Act of 1944 (to be allocated by the Surplus Property Board, with the concurrence of the Director of War Mobilization and Reconversion, to such agencies and in such amounts as approved by the Budget Bureau), and for FEA, Office of Scientific Research and Development, Smaller War Plants Corporations, Office of Inter-American Affairs, W.P.B., and O.P.A (H. Doc. 120).

SENATE

15. FOOD SUPPLY. Sen. Wherry, Nebr., blamed the "food shortage" on governmental agencies having to do with farming and agricultural activities" and inserted constituents' letters stating reasons for the "meat shortage" which include the drafting of farm labor and OPA ceiling prices (pp. 2847-8).
16. FARM LABOR. Sen. Wherry, Nebr., criticized the drafting of farm labor, inserted a Washington Evening Star article discussing the President's request for appropriations for certain war agencies, including selective service, and included a constituent's letter criticizing "the planned economy that the New Deal has been trying to put over on this country" and the drafting of farm labor (pp. 2848-9).
17. WATER UTILIZATION. Continued debate on the Mexican Water Treaty (pp. 2849-77). Sen. Downey, Calif., spoke in opposition to the treaty, stating that if the treaty is signed, Mexico will have "the cheapest land, the cheapest water, the cheapest power, and the cheapest labor, the best set-up for a million acres,

Mr. Chapman for, with Mr. Outland against.

Mr. Hale for, with Mr. Hull against.

Mr. Durham for, with Mr. Sheridan against.

Mr. Chelf for, with Mr. McGregor against.

Mr. Slaughter for, with Mr. Brown of Ohio against.

General pairs:

Mr. Hobbs with Mr. Ellsworth.

Mr. Stigler with Mr. Anderson of California.

Mr. Allen of Louisiana with Mr. Gwinn of New York.

Mr. O'Brien of Illinois with Mr. Fuller.

Mr. Combs with Mr. Martin of Massachusetts.

Mr. Powell with Mr. Bates of Massachusetts.

Mr. Bates of Kentucky with Mr. Taylor.

Mr. Maloney with Mr. Stevenson.

Mr. Morgan with Mr. Vursell.

Mr. Weiss with Mr. Stockman.

Mr. Huber with Mr. Eaton.

Mr. Gregory with Mr. Reece of Tennessee.

Mr. Izac with Mrs. Luce.

Mr. Lyle with Mr. Cole of New York.

Mr. Mansfield of Texas with Mr. Butler.

Mr. Lesinski with Mr. Biackney.

Mr. Sabath with Mr. Dirksen.

Mr. Sikes with Mr. Case of South Dakota.

Mr. Cannon of Florida with Mr. Byrnes of Wisconsin.

Mr. DINGELL. Mr. Speaker, I have a live pair with the gentleman from Minnesota, Mr. KNUTSON. Had he been present he would have noted "nay." Having voted in the affirmative, I withdraw my vote and answer "present."

Mr. SLAUGHTER. Mr. Speaker, on this roll call I voted "yea." I have a pair with the gentleman from Ohio, Mr. BROWN, who, if he were present, would have voted "nay." Accordingly I change my vote and answer "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO PRINT

Mr. MAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

COMMODITY CREDIT CORPORATION

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 26, 1945.)

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. RICH. You have increased this amount from \$3,000,000,000 to \$4,750,000,000. Is that correct?

Mr. SPENCE. The House figure was \$5,000,000,000. The Senate figure was \$4,500,000,000. We split the difference. The House reduced the figure \$250,000,000 and the Senate increased theirs by \$250,000,000.

Mr. RICH. Now, you expect to pay the farmers subsidies under this bill in the amount of \$4,750,000,000?

Mr. SPENCE. The authorization heretofore was \$3,000,000,000. The other body increased it \$1,500,000,000. The House increased it still more. If we adopt this report, it will increase the \$3,000,000,000 previously authorized by \$1,750,000,000.

Mr. RICH. You do not blame anyone for getting confused with these large figures, do you?

Mr. SPENCE. No; I do not. Sometimes people become confused with figures.

Mr. RICH. I would like to ask this question: This bill is for the purpose of aiding and assisting the farmers of this country. Is that correct?

Mr. SPENCE. I think it is very obvious that that is the purpose of the bill.

Mr. RICH. It is a hand-out. Now, if you are going to help the farmers of this country, why do you not get the price of a commodity so that the farmer can receive the proper price for what he produces and get that out of the people who are going to be the consumers, so that you do not have to pay out \$4,000,000,000 or \$3,000,000,000 or \$2,750,000,000 out of an empty Treasury? You say today we have more money than the people of this country can use. Well, now, they could put it in the price of the commodity so that the farmer would get paid for what he produces plus a satisfactory amount for his wage; then the farmer would be getting what is just and due him.

Whenever the time comes that you cannot pay subsidies—and it is coming so quick your head will swim and every Member of this House will wonder how suddenly it has come upon them—then you will be in a position where you cannot help the farmers at all. Instead of being an aid to the farmers it is going to be an injustice to the farmers.

Mr. SPENCE. This policy has been adopted by the Government and it is a policy that has worked very well. If you take away this support from farm prices at this time, there might be an utter collapse.

Mr. RICH. I am not asking you to take it away.

Mr. SPENCE. These are academic discussions the gentleman is engaging in. It is a question of whether we are going to follow a policy that has been adopted by the Government. We bring back the bill to the House unchanged except as to the amount. There is no difference of opinion as to the bill. The conferees agreed on the bill in its entirety, and I ask for the adoption of the conference report, Mr. Speaker.

Mr. RICH. Mr. Speaker, will the gentleman yield for one further observation?

Mr. SPENCE. For one question; yes.

Mr. RICH. If this is an academic question, then I think you will find that the farmers of this country have got something more academic than this question because, if you give them the prices for their commodities, you will not have to be giving them hand-outs. They are the ones who will lose by this kind of procedure.

Mr. SPENCE. We have been finding out the feeling of the farmers toward us for the past 12 years.

Mr. SAVAGE. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. SAVAGE. In answer to the gentleman from Pennsylvania, a few million dollars subsidy to the farmers to prevent rising prices saves many more millions to the Government because if farm prices went up wages would have to go up and it would cost the Government many times more than it is costing to stabilize prices.

Mr. SPENCE. Certainly. Everyone realizes that this is one of the great stabilizing agencies that has kept prices down during the war.

Mr. Speaker, I ask for the adoption of the conference report.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDING THE NATIONAL HOUSING ACT

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (S. 631) to amend the National Housing Act, as amended, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 26, 1945.)

Mr. SPENCE. Mr. Speaker, we have brought back to the House the House amendment to the Senate bill, unchanged. The conferees in the other body receded from the amendment, which involved the Securities and Exchange Act. This is the bill exactly as it was passed by the House.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. RICH. This is to amend the National Housing Act?

Mr. SPENCE. Title VI; yes.

Mr. RICH. It increases it \$100,000,000?

Mr. SPENCE. It increases its authority to issue insurance to provide lending institutions by \$100,000,000.

Mr. RICH. The capital is to be increased from \$1,600,000,000 to \$1,700,000,000.

Mr. SPENCE. That is not capital, that is the authorized insurance. They have been authorized to insure another \$100,000,000. They have been author-

ized to increase this insurance from \$1,700,000,000 to \$1,800,000,000.

Mr. RICH. All right. Let me call the attention of the House to this fact. I hold in my hand a government-insured Federal Housing Administration mortgage for 100 percent, insured under Title 6 of the National Housing Act. Here is one of the corporations that is sending out literature showing the kind of houses they are constructing. They are lending on these houses from \$6,200 to \$7,600; yet I will say to you as a man experienced in building that the house is not worth over \$3,000; I do not believe it is worth \$2,500. Here is what the Government is going to guarantee loans on, and the amount to be guaranteed by the Federal Government is twice what these houses are worth. It is poor business on the part of this Congress to agree to such a policy.

Mr. SPENCE. The gentleman is very much mistaken in his assumption. The Government makes no loans.

Mr. RICH. The Government guarantees the loans.

Mr. SPENCE. The Federal Housing Administration insures the loans made by private lending agencies.

Mr. RICH. That is right; exactly so.

Mr. SPENCE. And the organization, the individual that approves the loans, is the private lending organization. The Government merely insures the loan if they find it is within their requirements—insure it for a fee. The premiums that they have charged have not only paid all the expenses of the organization but, I believe, they have a considerable reserve.

The gentleman is always talking about private enterprise. This is a stimulation of private enterprise. It means keeping the private lending institutions in business.

Mr. RICH. I am in favor of that, I assure the gentleman. But I want to say this, that you guarantee under title 5 of this bill—

Mr. SPENCE. This is title 6.

Mr. RICH. Title 6, that even if the loan is as high as \$6,200 or \$7,600 on these houses that you are constructing that are worth, we will say, only 50 percent of what they are being insured for, you are going to insure the loan on it. Let me say that this will result in a great loss to the Treasury. Furthermore the interest rate on these loans is designed to yield about 3.86 percent.

Mr. SPENCE. This is for the war housing.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. WOLCOTT. The insurance cannot be \$6,200 because the law specifically says it may not be more than 90 percent of \$6,000. Thus the mortgage insured can never be more than \$5,400. The gentleman is just as wrong as he possibly can be. I think that every Member of this House should be mighty proud of the record made by the F. H. A.

Mr. RICH. But here is a concern which by their own literature shows what is being done.

Mr. WOLCOTT. We surely should not be responsible for the literature a private concern is sending out. If the

gentleman will read the law he will find it stated very plainly that the F. H. A. cannot insure under title 6 a mortgage for more than \$5,400, notwithstanding what any firm says in that brochure the gentleman has.

Mr. RICH. That is all right; but I find that lots of Members in the House of Representatives make statements which on analysis do not touch the true facts. Neither this concern nor any other is going to send out a statement that a thing is guaranteed by the Government unless it is.

Mr. SPENCE. The gentleman should get his information from the statute books, not from advertisements.

Mr. RICH. That is all right.

Mr. WOLCOTT. The gentleman is talking about an entirely different section of the bill than is involved. The gentleman is talking about the multiple dwellings, not private dwellings under title 6. It cannot be done.

Mr. RICH. But they do it and the gentleman will find that the Government and the taxpayers will be stuck with this kind of legislation.

Mr. SPENCE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to. A motion to reconsider was laid on the table.

FLOUR SUBSIDY

Mr. SPENCE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 2775) to permit subsidy and loss operations, in the case of flour, without regard to the provisions of the last paragraph of section 2 (e) of the Emergency Price Control Act of 1942.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, will the gentleman from Kentucky explain this bill?

Mr. SPENCE. Mr. Speaker, the committee had under consideration the bill S. 502, which provides for the continuation of subsidies paid by the Reconstruction Finance Corporation and its subsidiaries. Some objections were made to certain of the subsidies and it was apparent that hearings would be continued over a very considerable period of time. Because of that fact and on account of the imperative necessity for the flour subsidies continuing, a bill was drafted which took the flour subsidy out of the R. F. C. bill and gave the House the opportunity to consider that as a separate measure. Under Secretary Patterson wrote a letter to the committee in which he stated that it is imperative and in the interest of the national defense as well as the war effort that these subsidies be continued.

The War Department purchases each year about \$132,000,000 in flour for the armed forces, it makes purchases for other agencies of the United States, and in order to enter into its contracts with the millers and in order that the millers might know what they will receive for their flour under these forwarding con-

tracts, it is necessary to authorize these subsidies at the present time, otherwise they expire on June 30 of the present year.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I would like to point out the importance of this bill. While I do not favor consumer subsidies or any other kind of subsidies, we must be reconciled to the fact that we are operating under this policy. It is customary with flour mills to sell their flour from 30 to 120 days in advance of delivery to the bakers and to other people who use flour all over the country. They have come to a point now where they cannot make sales or delivery on flour because they do not know what the price will be that they can sell their flour at, there is uncertainty and the merchants and bakers of the country are unable to buy flour for delivery after June 30 of this year. The importance of passing this legislation at the present time is apparent. It is being called up here irregularly because if this bill is not passed the flour mills of the country cannot sell their flour and the people of the country will go without bread. I hope, therefore, there will not be any objection to the bill.

Mr. SPENCE. I thank the gentleman.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Kansas.

Mr. HOPE. May I ask the gentleman from Michigan whether this subsidy is a domestic subsidy to the millers of flour for flour consumed domestically or does it have to do with the export subsidy on flour?

Mr. WOLCOTT. There is no money in here for export subsidies. This has to do wholly with the subsidies paid to encourage the production of domestic flour and it has no relation whatsoever to export subsidies which are paid by any agency of the Government.

Mr. AUGUST H. ANDRESEN. Is it not a fact this is strictly a consumer subsidy, that the price of bread is being held down and that because of the high price of wheat which goes into the manufacture of flour, in order to keep the price of bread down this subsidy is paid for that purpose and that purpose only?

Mr. WOLCOTT. Yes. I think perhaps we should have in mind the history of this legislation. We fought the consumer subsidy provision on the floor last year and the year before that, if you will remember, and when the O. P. A. bill was up in the Senate last year a provision was written into the law which forbade the payment of any subsidies of whatever nature after June 30, 1945, unless the Congress specifically appropriated for that particular purpose. Last week on the Commodity Credit bill the House authorized the payment of certain subsidies, limiting them to a certain program, and to a certain amount on those subsidies which were paid by the Commodity Credit Corporation. Of course, because of the broad language of the so-called Taft amendment in the Senate forbidding the payment of subsidies, it

COMMODITY CREDIT. Began debate on the conference report on S. 298, the CCC bill (pp. 3120-6). (For provisions of the conference report, see Digest 58 with the following correction: Increases CCC's borrowing power to \$4,750,000,000.)

Sen. Langer, N. Dak., suggested that the bill be sent back to conference so that on authorization for 1944 flax payments might be included (p. 3122).

Agreed to Majority Leader Barkley's request to have a yea-and-nay vote on the conference report today at 12:30 (p. 3125).

The House agreed to the conference report Mar. 27.

HOUSE

AGRICULTURAL APPROPRIATION BILL. It is understood that the Senate hearings on this bill, H.R. 2689, will begin Thurs., Apr. 5, at 10:30.

IN SESSION. Next meeting Thurs., Apr. 5.

BILL INTRODUCED

RESEARCH. S. 818, by Sen. Thomas, Okla., to provide that the several States shall continue effective measures of control and protection against the importation, introduction, and spread of noxious weeds, injurious insects and animal and plant diseases, and to guarantee that purchasers or recipients of seeds, livestock and poultry feeds, nursery stocks, fertilizers and other agricultural chemicals shall have the protection guaranteed them under the laws enacted by the several States. To Agriculture and Forestry Committee. (p. 3103.)

ITEMS IN APPENDIX

1. MANPOWER. Sen. Hatch, N. Mex., inserted the complete WMC regulations on employment-stabilization programs (pp. A1763-5).
Extension of remarks of Rep. May, Ky., favoring the manpower bill, H.R. 1752, (pp. A1760-3).

2. FULL-EMPLOYMENT BUDGET; POST-WAR PLANNING. Sen. Murray, Mont., inserted a St. Louis Post-Dispatch interview with Beardley Ruml favoring the Murray full-employment bill and discussing post-war planning relative to public works, conservation programs, taxes, and employment (pp. A1758-9).

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COMMITTEE-HEARINGS ANNOUNCEMENTS for Apr. 4: Joint committee on organization of Congress; S. Agriculture Subcommittee, food investigation; S. Finance Subcommittee, veterans bills; S. Foreign Relations, lend-lease bill (ex.); H. Committee to investigate food shortages (ex.).

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For supplemental information and copies of legislative material referred to, call Ext. 4654, or send to Room 112 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued April 4, 1945, for actions of Tuesday, April 3, 1945)

(For staff of the Department only)

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SENATE

1. MANPOWER. Rejected 29-46, the conference report on H.R. 1752, the manpower bill (pp. 3103-19). Sens. Thomas, Utah, Johnson, Colo., Mahoney, Austin, and Burton were appointed conferees for a further conference (p. 3119). Sen. Hatch, N.Mex., inserted the names of representatives of management, labor, and agriculture who approved WMC regulations (agricultural representatives were E.A. O'Neal, J.G. Patton, and A.S. Goss)(pp. 3119-20). (See Item 11.)
2. TRANSPORTATION. Sen. Capper, Kans., discussed the "serious situation that confronts the grain growers and the grain trade, due to the boxcar shortage, accentuated by the shortage of available storage space" (pp. 3101-2).
Received a Wash. Legislature resolution urging construction of canals near Puget Sound for water transportation (p. 3101).
3. PERSONNEL; EMPLOYEE DETAILS. Public Lands and Surveys Committee submitted a report of persons employed by the committee who are not full-time employees of the committee. The report lists two FS employees. (p. 3102.)
4. PERSONNEL. Received from the Director of the Budget Bureau a report of his determinations during the 3rd quarter, fiscal year 1945, of the number of employees required by the executive departments and agencies for the proper and efficient exercise of their respective functions. To Civil Service Committee. (p. 3099.)
5. REGULATORY FUNCTIONS. Received an Okla. Legislature resolution urging support for "efforts to make it compulsory that everyone comply with the Government regulations in the war effort" (p. 3101).
6. RECONSTRUCTION FINANCE CORPORATION's confidential report for Dec. 1944 received. To Banking and Currency Committee. (p. 3099.)
7. MILITARY TRAINING. Received an Okla. Legislature resolution favoring universal military training (p. 3101).

hension so vividly portrayed by the Senator from Oregon [Mr. MORSE] yesterday and today; third, that regardless of this apprehension, the question ultimately resolves itself to the simple interrogatory whether or not the bill is necessary for the successful prosecution of the war.

Mr. President, there are three reasons assigned why the bill should be enacted. One, the effect on morale of our own soldiers. Two, the contrary effect on the morale of our enemies. Three, the alleged increase of production. I find my mind forced to consider that the three simmer into the last-mentioned reason; and upon the face of the record, upon the face of the evidence, upon the debate which has taken place in this notable body during these momentous days, I am compelled to the conclusion that evidence has not been adduced which shows that a measure of this type, with its dangers, with its comprehensive and tremendous grant of power to one individual, is necessary for the successful prosecution of the war. Therefore, my vote, Mr. President, will be in opposition to the adoption of the conference report.

The VICE PRESIDENT. The question is on agreeing to the conference report on House bill 1752.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Murray
Austin	Green	O'Daniel
Bailey	Gurney	O'Mahoney
Ball	Hart	Pepper
Bankhead	Hatch	Radcliffe
Barkley	Hickenlooper	Reed
Bilbo	Hill	Revercomb
Brewster	Johnson, Calif.	Russell
Briggs	Johnson, Colo.	Saltonstall
Brooks	Johnston, S. C.	Shipstead
Buck	Kilgore	Smith
Burton	La Follette	Stewart
Bushfield	Langer	Taft
Butler	Lucas	Taylor
Byrd	McCarran	Thomas, Okla.
Capehart	McClellan	Thomas, Utah
Capper	McFarland	Tobey
Connally	McKellar	Vandenberg
Cordon	McMahon	Wheeler
Donnell	Magnuson	Wherry
Downey	Maybank	White
Eastland	Millikin	Wiley
Ellender	Moore	Willis
Fulbright	Morse	Wilson
George	Murdock	Young

The VICE PRESIDENT. Seventy-five Senator having answered to their names, a quorum is present.

Mr. BARKLEY. Mr. President, I had thought that I might make a very brief statement in regard to the conference report; but in order that we may have a vote and have it at once, I forego that opportunity and ask that the Senate now have a vote on the conference report, if it is at all possible.

The VICE PRESIDENT. The question is on agreeing to the conference report on House bill 1752.

Mr. BARKLEY, Mr. O'MAHONEY, Mr. RUSSELL, and other Senators asked for the yeas and nays.

The yeas and nays were ordered.

Mr. O'MAHONEY. Mr. President, I desire merely to say that, as I announced at the opening of the debate, it is my in-

tention, if and when the conference report is rejected, to move that the Senate ask for a further conference with the House, so that the measure may be reconsidered in conference.

The VICE PRESIDENT. The question is on agreeing to the conference report. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Legislative Clerk proceeded to call the roll.

Mr. MAGNUSON (when Mr. MITCHELL's name was called). My colleague the junior Senator from Washington [Mr. MITCHELL] is necessarily detained on the west coast on public business for the Mead committee. He has a pair with the senior Senator from Maryland [Mr. TYDINGS]. I understand that if the Senator from Washington were present, he would vote "nay", and that if the Senator from Maryland were present he would vote "yea."

The roll call was concluded.

Mr. MAGNUSON. The senior Senator from Pennsylvania [Mr. GUFFEY] is necessarily absent on public business. If he were present he would vote "nay."

Mr. HATCH. My colleague the junior Senator from New Mexico [Mr. CHAVEZ] is necessarily detained on important departmental business.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS], the Senator from Kentucky [Mr. CHANDLER], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. HOEY], the Senator from Louisiana [Mr. OVERTON], the Senator from Nevada [Mr. SCRUGHAM], and the Senator from New York [Mr. WAGNER] are necessarily absent. I am advised that if present and voting, the Senator from New York [Mr. WAGNER] would vote "nay."

The Senator from Virginia [Mr. GLASS] and the Senator from Maryland [Mr. TYDINGS] are absent from the Senate because of illness.

The Senator from New York [Mr. MEAD] and the Senator from Delaware [Mr. TUNNELL] are absent on official business with the Special Committee to Investigate the National Defense Program.

The Senator from Pennsylvania [Mr. MYERS] is absent on public business.

The Senator from Massachusetts [Mr. WALSH] is absent on an inspection tour for the United States Navy. If present and voting he would vote "nay."

I further announce that the Senator from Florida [Mr. ANDREWS] is paired with the Senator from Pennsylvania [Mr. MYERS]. I am advised that if present and voting the Senator from Florida would vote "yea" and the Senator from Pennsylvania would vote "nay." The Senator from North Carolina [Mr. HOEY] is paired with the Senator from New York [Mr. MEAD]. I am advised that if present and voting the Senator from North Carolina would vote "yea" and the Senator from New York would vote "nay." The Senator from Louisiana [Mr. OVERTON] is paired with the Senator from Kentucky [Mr. CHANDLER]. If present and voting the Senator from Louisiana would vote "yea" and the Senator from Kentucky would vote "nay."

Mr. WHERRY. The Senator from Michigan [Mr. FERGUSON] is absent on official business of the Senate as a Member of the Special Committee to Investigate the National Defense Program. I am advised that if present he would vote "nay."

The Senator from New Jersey [Mr. HAWKES], who would vote "nay," is paired on this question with the Senator from New Hampshire [Mr. BRIDGES], who would vote "yea." Both Senators are necessarily absent.

The Senator from Wyoming [Mr. ROBERTSON] is necessarily absent. If present he would vote "nay."

The Senator from Idaho [Mr. THOMAS] is absent because of illness. If present he would vote "nay."

The result was announced—yeas 29, nays 46, as follows:

YEAS—29

Austin	Fulbright	Radcliffe
Bailey	George	Reed
Ball	Gurney	Russell
Bankhead	Hart	Saltonstall
Barkley	Hatch	Smith
Brewster	Hill	Stewart
Burton	Lucas	Thomas, Utah
Byrd	McClellan	Tobey
Connally	Maybank	White
Eastland	O'Daniel	

NAYS—46

Aiken	Johnson, Calif.	O'Mahoney
Bilbo	Johnson, Colo.	Pepper
Briggs	Johnston, S. C.	Revercomb
Brooks	Kilgore	Shipstead
Buck	La Follette	Taft
Bushfield	Langer	Taylor
Butler	McCarran	Thomas, Okla.
Capehart	McFarland	Vandenberg
Capper	McKellar	Wheeler
Cordon	McMahon	Wherry
Donnell	Magnuson	Wiley
Downey	Millikin	Willis
Ellender	Moore	Wilson
Gerry	Morse	Young
Green	Murdock	
Hickenlooper	Murray	

NOT VOTING—21

Andrews	Hawkes	Robertson
Bridges	Hayden	Scrugham
Chandler	Hoey	Thomas, Idaho
Chavez	Mead	Tunnell
Ferguson	Mitchell	Tydings
Glass	Myers	Wagner
Guffey	Overton	Walsh

So the conference report was rejected.

Mr. O'MAHONEY. Mr. President, I move that the Senate further insist upon its amendments, request a further conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. THOMAS of Utah, Mr. JOHNSON of Colorado, Mr. O'MAHONEY, Mr. AUSTIN, and Mr. BURTON conferees on the part of the Senate at the further conference.

Mr. HATCH. Mr. President, earlier in the day I stated that representatives of management, labor, and agriculture have approved the regulations issued by the War Manpower Commission. In effect, that amounts to approval of compulsory regulation. I ask unanimous consent to have printed in the RECORD as a part of my remarks the names of the representatives of labor, management, and agriculture who agreed to that proposal.

There being no objection, the names were ordered to be printed in the RECORD, as follows:

PRINCIPALS OF NATIONAL LABOR MANAGEMENT COMMISSION

MANAGEMENT REPRESENTATIVES

Conrad Cooper, assistant vice president in charge of operations of the Wheeling Steel Corporation.

Eric A. Johnston, president, United States Chamber of Commerce.

Frederick C. Crawford, National Association of Manufacturers.

LABOR REPRESENTATIVES

William Green, American Federation of Labor.

Philip Murray, Congress of Industrial Organizations.

AGRICULTURAL REPRESENTATIVES

Edward A. O'Neal, president, Farm Bureau Federation.

James G. Patton, president, National Farmers' Union.

Albert S. Goss, master, National Grange.

ORDER OF BUSINESS

Mr. BARKLEY. Mr. President, ordinarily we would attempt to have the Senate return to executive session for the consideration of the treaty with Mexico; but in view of the hour, in view of the fact that another conference report is ready for consideration, and in view of the further fact that I am advised that consideration of the conference report will not take long, I wonder whether it will be possible to have the Senate consider and dispose of that report.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. I am very anxious to have the Senate resume consideration of the water treaty between the United States and Mexico. We shunted it aside for a week, for discussion of the nomination of Mr. Aubrey Williams, but all to no avail; that nomination went up in a puff of smoke. Now the Senate has spent a week or more, a considerable length of time, on the manpower bill conference report, and it has gone up in a puff of smoke. I very much hope the majority leader will cooperate in helping obtain some action on the treaty. It has been before the Senate for a long time. It is a very important matter. It affects not only our material welfare but our international attitude.

Mr. BARKLEY. Mr. President, I wish to say to my friend the Senator from Texas, the chairman of the Committee on Foreign Relations, that it is my desire to cooperate in regard to the treaty; but, of course, the conference report is a privileged matter, and it might be injected at some other date. I thought that while we were in legislative session we might dispose of it, so that when we return to the consideration of the treaty with Mexico we could conclude its consideration without further interruption.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHITE. I wish to inquire of the chairman of the Committee on Foreign Relations whether the rumored or suggested reservations or amendments—whatever they may be called—to the treaty have taken form, and whether they will soon be available for our study.

Mr. CONNALLY. I will say to the Senator that they are available now. I will give the Senator a copy. I have not yet

formally submitted them, because I wished to confer with Senators who are interested, to see whether they are agreeable, before I have them printed in the Record.

Mr. JOHNSON of California. Mr. President, about a week ago a promise was made that I was to have a copy of the reservations.

Mr. CONNALLY. I now tender the Senator a copy.

Mr. JOHNSON of California. I thank the Senator. The copy comes 10 days late, but I appreciate receiving it.

Mr. CONNALLY. The Senate has not been actively engaged in consideration of the treaty for some time. Consideration of the conference report on the war manpower bill caused consideration of the treaty to be temporarily laid aside.

Mr. JOHNSON of California. Undoubtedly, that is true. May I retain this copy?

Mr. CONNALLY. The Senator may retain it. It is his copy.

Mr. JOHNSON of California. Does it cover all the objections which were made?

Mr. CONNALLY. Yes. I believe it covers the main objections which had been urged by certain Senators.

Mr. JOHNSON of California. Does the Senator from Virginia [Mr. BYRD] have a copy?

Mr. CONNALLY. I have loaned the Senator from Virginia a copy, and I am having other copies made available. I am having copies multigraphed.

Mr. JOHNSON of California. If the Senator will permit, I shall be glad to have my office prepare some copies.

Mr. CONNALLY. I shall be very glad to have the Senator do so.

Mr. BARKLEY. Mr. President, may I ask the Senator from Texas if he objects to the Senate proceeding to the consideration of the conference report on Senate bill 298?

Mr. CONNALLY. Will the Senator from Kentucky assure us that consideration of the conference report can be completed today?

Mr. BARKLEY. I believe so.

Mr. CONNALLY. Will the Senator further assure us that when we resume consideration of the treaty we shall not be disturbed by every mosquito that comes along?

Mr. BARKLEY. I assure the Senator from Texas that he will not be disturbed by any mosquito, but that possibly he may be disturbed by some hawk. [Laughter.]

CONTINUATION OF COMMODITY CREDIT CORPORATION—CONFERENCE REPORT

Mr. BANKHEAD submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 298) to continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter pro-

posed to be inserted by the House amendment insert the following: "That section 4 of the act approved March 8, 1938 (52 Stat. 108), as amended, is amended by striking out '\$3,000,000,000' and inserting in lieu thereof '\$4,750,000,000'.

"SEC. 2. The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the two-year period beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated. During the period of such suspension the Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that the foregoing restriction shall not apply to (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oil; (3) sales for export; (4) sales for seed or feed: *Provided*, That no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made: *And provided further*, That in making regional adjustments in the sale price of corn or wheat for feed, the minimum price need not be higher in any area than the United States average parity price for corn; (5) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for seven-eighths-inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths-inch Middling cotton at such average location for the purposes of this section.

"SEC. 3. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$568,000,000 for operations during the fiscal year ending June 30, 1946, with respect to the dairy production payment program, (2) \$120,000,000 for operations during the fiscal year ending June 30, 1946, with respect to other noncrop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations: *Provided*, That not to exceed 10 per centum of each amount specified in clauses (b) (1), (2), and (3) shall be available interchangeably for the operations described in such clauses but in no case shall the total subsidy payments and losses absorbed under any one of such clauses be increased by more than 10 per centum: *Provided further*, That in carrying out the dairy production payment program, beginning April 1, 1945, the rate of payment for pound of butterfat delivered shall not be less than 25 per centum of the national weighted average rate of payment per one hundred pounds of whole milk delivered.

"SEC. 4. The first two sentences of section 1 of the act approved March 8, 1938 (52 Stat. 107), as amended, are amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

"SEC. 5. The first sentence of subsection (a) of section 7 of the act approved January 31, 1935 (48 Stat. 4), as amended, is amended by striking out 'June 30, 1945' and inserting in lieu thereof 'June 30, 1947'."

And the House agree to the same.

R. F. WAGNER,
J. H. BANKHEAD,
GEO. RADCLIFFE,

Managers on the part of the Senate.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

Mr. BANKHEAD. Mr. President, I ask unanimous consent for the present consideration of the conference report.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report? The Chair hears none, and the question is on agreeing to the conference report.

Mr. BANKHEAD. Mr. President, I believe there is but one point in disagreement. I refer to the question pertaining to the additional amount which will be added to the borrowing power of the Commodity Credit Corporation.

Full hearings were held on the bill, both in the Senate and in the House. The Senate committee reduced the amount which had been requested by the Department of Agriculture. Request had been made for an increase in credit limit from \$3,000,000,000 to \$5,000,000,000. The committee reduced the amount to \$4,500,000,000. The action of the committee was agreed to by the Senate. The bill was passed by the Senate and sent to conference.

The House committee reported in favor of \$5,000,000,000. The bill went to the floor of the House and a vote was had on the question of reducing the figure of \$5,000,000,000. One vote was on the question of a reduction to \$4,000,000,000, and another vote was on the question of a reduction to \$4,500,000,000. On each vote the House declined to agree to the reduction and passed the bill providing for \$5,000,000,000. The Department of Agriculture had requested that amount. A conference committee was appointed. In addition to the point to which I have referred, a few other minor points were involved, but they were adjusted.

After the second meeting of the conference committee, or possibly the third—I am not sure which—and after full consideration and discussion, the conference agreed to divide the difference between the amount as passed

by the Senate and the amount as passed by the House. It seemed to be about the only way in which the conferees could agree. By reason of the positive votes in the House the conferees of the House at first declined to yield. For some time the conferees on the part of the Senate declined to yield from the figure \$4,500,000,000. Finally, the conferees on the part of the House made a proposal to reduce the amount of the authorization to \$4,750,000,000, which was, of course, arrived at by dividing the difference between the two Houses.

The Senate conferees then voted to accept the offer and settle the question on the basis of \$4,750,000,000, although the Department of Agriculture had stated that \$5,000,000,000 would be needed.

The Senator from Ohio [Mr. TAFT], who was a member of the conference committee, and who was the author of the four-and-a-half-billion-dollar amendment in the Senate, declined to sign the conference report.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. TAFT. I think the Senator from Alabama should add the name of the Senator from New Hampshire [Mr. TOBEY], who also declined to sign the conference report.

Mr. BANKHEAD. Yes; the Senator from New Hampshire agreed with the Senator from Ohio and declined to sign the conference report.

The question before the Senate is whether or not the adjustment agreed to by a majority of the conferees on the part of the Senate, and by all the conferees on the part of the House—I believe they all agreed—is to be adopted or the whole conference report rejected.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AIKEN. For what purpose was the \$5,000,000,000 to be used?

Mr. BANKHEAD. No specific use was set forth for that exact amount of money.

Mr. Jones, the War Food Administrator, appeared before the Senate committee and also before the House committee. He was in consultation with the Senators handling the matter.

Of course, it is practically impossible for the Commodity Credit Corporation to anticipate its exact needs over a period of 2 or 3 years, when changes are taking place, when prices are fluctuating, when money is needed to support one price here and another price there, or to apply a subsidy here and another subsidy there, or make loans. It must be understood that the Commodity Credit Corporation makes loans, and supports prices whenever price supports are required.

Mr. AIKEN. Has a designated amount been named for dairy subsidies?

Mr. BANKHEAD. Yes; an amount was added by the Senate for dairy subsidies.

Mr. AIKEN. Was it later changed?

Mr. BANKHEAD. No. There was no dispute about it. The amount which the Senate had inserted in the bill was increased somewhat by the House, and there was no controversy about it in the conference committee.

As I understand, the subsidy item is eliminated by the agreement.

Mr. AIKEN. The \$250,000,000 which has been eliminated is a sum which could have been used for unforeseen contingencies?

Mr. BANKHEAD. That is correct. Of course, the Senator knows, because he is a member of the Committee on Agriculture and Forestry and keeps in touch with everything of interest to the farmer, that the Commodity Credit Corporation is to agriculture what the R. F. C. is to business.

Mr. AIKEN. That is correct.

Mr. BANKHEAD. It takes care, within the authorization of the law, of any financial needs which require relief, and no one can foresee what may be needed. In the first place, labor is scarce on the farm. We do not know whether the production of food crops this year will be anything like what it has been in the last 3 or 4 or 5 years, with ideal weather and ample manpower. We do not know what supporting prices are going to be required. We do not know what the needs will be for lend-lease and for the Army and for emergencies.

Of course, if the money is not needed, it will not be spent. This is not an appropriation; it is merely an authorization similar to that for the R. F. C. and the Smaller War Plants Corporation, which have authorizations along the same lines.

Mr. AIKEN. If the Senator is satisfied that the amount approved by the conference committee would take care of everything now in sight—

Mr. BANKHEAD. I could not say that. I think that in a year of emergency, such as the present year, it is the best we could do, the best the War Food Administration could do in making up the estimates. They first thought they could get along with the four and a half billion dollars, but later, in view of developments, they decided they really should have the \$5,000,000. If the money is not needed, as I have said, it will not be spent; but if it is needed, it will be of very great assistance.

Of course, the report is a compromise. The House has practically adjourned for 2 weeks or longer, and the War Food Administrator is anxious to have the conference report adopted. He cannot make announcements of some plans which are contemplated until this authorization is made. So it would be very unfortunate to delay longer action on the conference report.

Mr. AIKEN. If the Senator is satisfied that the compromise reached between the two committees is a fair one, I certainly hope the report will be agreed to.

Mr. BANKHEAD. I think it is as fair a compromise as could be reached.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LANGER. I am not on the committee and have just read the conference report for the first time. There is a great deal said about wheat and cotton and dairy products. Has this measure any connection at all with the flax program?

Mr. BANKHEAD. It provides whatever is necessary to carry out the flax program. The flax program was considered. There is no controversy about that.

Mr. LANGER. I notice it does not use the word "flax" anywhere, but I suppose that is covered by reference to some measure.

Mr. BANKHEAD. We put flax in the crop-insurance bill.

Mr. LANGER. I know, but is flax covered by this measure?

Mr. BANKHEAD. I do not know about that.

Mr. TAFT. Mr. President, will the Senator from Alabama yield?

Mr. BANKHEAD. I yield.

Mr. TAFT. There is no mention of flax in the program presented to justify the additional allowance.

Mr. BANKHEAD. It is not based on flax.

Mr. TAFT. There is a long list of products, but no mention of flax.

Mr. LANGER. Where could I get a list of the products which are covered?

Mr. TAFT. The Senator will find it in the Senate committee hearings.

Mr. BANKHEAD. If the Senator from Ohio will permit an interruption, I think \$30,000,000 was otherwise specifically authorized for flax. The committee gave a good deal of consideration, at one time or another, to increasing the production of flax. I think some of the money authorized can be used for flax.

Mr. LANGER. I remember about the \$30,000,000, and I notice the pending bill takes care of some debts that were owing by the Commodity Credit Corporation some time ago. The Senator is familiar with the fact that \$10 an acre was promised to the farmers 2 years ago if they would raise flax, but it was never paid. I wondered whether that was included in this bill.

Mr. BANKHEAD. If it was included, it was in a general estimate by the War Food Administration. This is not a deficiency appropriation, is not so intended; it is an authorization for work in the future.

Mr. TAFT. Mr. President, will the Senator from Alabama yield?

Mr. BANKHEAD. I yield.

Mr. TAFT. In the Senate committee hearings there is a list; and at the bottom of the page is contained an item, "Reserve for other programs, \$50,000,000."

My understanding is that the flax situation is covered by some other legislation, not by this.

Mr. LANGER. I remember the \$30,000,000 appropriation, but the Senator is familiar with the fact that 2 years ago farmers were promised \$10 an acre for raising flax. Thousands of farmers seeded the flax, but never got the money.

Mr. TAFT. I have heard that; I am not familiar with it.

Mr. LANGER. I wondered if the \$50,000,000 would cover that.

Mr. TAFT. I do not think it is intended, because flax was never mentioned in the testimony at any time. My understanding was that the flax was covered by some other legislation and some other appropriation; but I cannot be certain of that.

Mr. LANGER. The \$30,000,000 covers only the 1945 flax program, and I wondered if we could not get in the 1944 program.

Mr. TAFT. I do not think we can get anything in now, because this is a conference report, and it cannot be amended.

Mr. LANGER. But perhaps we might send it back to conference and get it in.

Mr. TAFT. That would be my preference.

Mr. AIKEN. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. AIKEN. I was going to suggest that the authorization for flax payments is covered in the crop-insurance law Congress passed some time ago; at least, that is my recollection. It was to the amount of \$30,000,000, as I recall.

Mr. LANGER. But that was only for the 1945 crop. The farmers want to get payment for the 1944 crop. They never got their \$10 an acre.

Mr. AIKEN. If there is anything owing the farmers for the 1944 crop, it seems to me Congress should see that it is paid. I certainly would be glad to do what I could toward helping to have provision made for its payment.

Mr. WHERRY. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. WHERRY. I should like to ask the distinguished Senator from Ohio with reference to the first two or three lines on page 2 of the conference report which have to do with "sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage."

Was there any testimony, or was anything shown by the Commodity Credit Corporation, concerning food which spoiled or losses sustained by the storage of eggs and the 20,000,000 pounds of lard that went into the open tanks? Would this bill pay for those losses?

Mr. TAFT. Frankly, I do not remember whether there was any testimony to that effect or not. I think it is admitted that some food has spoiled and that there have been losses. Some of the losses of the Commodity Credit Corporation in the past have covered such items.

The provision to which the Senator has referred, which is a provision of the House bill which we accepted, provides that if foods have substantially deteriorated in quality or are nonbasic perishable commodities as to which there is danger of loss or waste through spoilage, that shall be taken into consideration.

Up to this time the Commodity Credit Corporation has had some doubt about its ability to sell food which has not spoiled, but as to which there is only danger of spoilage. I do not know why they have doubt about it, but apparently the reason why some commodities have spoiled is that the Commodity Credit Corporation could not sell, owing to some limitations on price, or against selling below parity, or some other restraint.

Mr. TOBEY. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. TOBEY. I merely wish to say to the Senator from Nebraska that if he has in mind—and I think he has; I know I have—the tremendous loss of 5,000,000 cases of eggs which ensued and which is just too bad, manifestly that loss was absorbed by the appropriation for the Commodity Credit Corporation.

Mr. WHERRY. That is one of the things I desired to inquire about. I should like to ask another question of the distinguished Senator from Ohio. I inserted in the RECORD yesterday three letters I received from a wholesale grocery company in Texas which listed, as appears on page 3055 of the RECORD, more than 105,000 cases of food which has been declared surplus property and is now being offered for sale. On the next page was listed thousands of cases more. What I should like to ask the distinguished Senator is, Where does the surplus property come from, and is there a loss on it, and is that taken care of, in part, by this appropriation?

Mr. TAFT. I can only make the assumption that it is not. No Commodity Credit Corporation property would be declared surplus, as I understand. Surplus property must be Army supplies, or Navy supplies, or Treasury procurement supplies, or supplies of some one of the procurement agencies of the Government. As a general thing, the Commodity Credit Corporation has a right to sell whenever it wishes to do so, and it buys and sells constantly. It has a revolving fund.

Mr. WHERRY. Mr. President, I understand that under the Steagall Act it is the Corporation's duty to support prices by placing floors under meats and under grains, and so forth. So the Corporation does own commodities, does it not? The Commodity Credit Corporation buys and stores commodities.

Mr. TAFT. Oh yes. I will give a list of them in a moment. They have some \$2,000,000,000 worth of commodities at the present time.

Mr. WHERRY. How many dollars' worth?

Mr. TAFT. Two billion dollars' worth at the present time.

Mr. President, the point involved in the disagreement is a narrow but I think a very important one. I think the Senate conferees agreed with the House conferees on every item of the bill until we came to the question of the total authorization to be given the Commodity Credit Corporation for borrowing. We, for instance, agreed to an increase of \$68,000,000 in the subsidy for dairy products which the House had provided and upon which it insisted. In general we accepted the House bill. Then we came to the item which involves the increased borrowing power of the Commodity Credit Corporation. The Corporation had originally requested a borrowing power of \$5,000,000,000. The Corporation now has a borrowing power of \$3,000,000,000. It asked for an increase of \$2,000,000,000. It had much less in the beginning, but the amount has been gradually increased.

Now it is proposed in one bite to increase the borrowing power about 66 percent, up to \$5,000,000,000. The Senate

committee reduced that to \$4,500,000,000. I think I can show that \$4,000,000,000 would be ample. We have been criticized over and over again for the tremendous borrowing power we have given the R. F. C. We heard such criticism during the debate on the nomination of Mr. Wallace. The criticism was that we had been perfectly lavish in allowing the borrowing of vast sums. Here is a case where that question comes up again. The matter ought to be considered like an appropriation, and in my opinion we ought not to grant this additional borrowing power unless Mr. Jones and the Commodity Credit Corporation can show that the amount is actually needed, and I maintain they have not shown it. As a matter of fact, when Mr. Jones was before the Senate committee he testified with regard to a proposal that the \$2,000,000,000 increase requested in borrowing power be cut to a billion and one-half as follows:

I think we can do all we planned to do within the terms of that, but I can understand the position of the committee. I think we can do everything within that, and I think with a billion and a half we could get the job done, and if an emergency arose come back and ask for more. However, with the restrictions you have in here, I think the \$2,000,000,000 would be more desirable.

Again he said:

I am perfectly willing for you to write in any reasonable restriction on the use of the funds that will keep us from going wild, but I would like to have as nearly as possible the amount authorized so we could give assurance to the farmer that Congress was going to carry this out. I think it would be better to get the full amount. However, if Congress feels that it is wise to limit to a billion and a half, all right.

And again in the House committee hearings he was asked the same question, and he said:

We preferred the \$2,000,000,000 because we felt, from the psychology of the situation, it was better to have an assurance * * *. The Senate committee took action cutting it to \$1,500,000,000. I think it is probable that that will be sufficient for the period intended. If it is not we can come back and ask for additional authority. I should have preferred that it be \$2,000,000,000. But I do not think we would be severely handicapped at this figure, if that proves to be the wisdom of the committee.

My own opinion, Mr. President, was that \$4,000,000,000 would be sufficient, and when Mr. Jones testified before the Senate committee in effect we compromised with him and made it \$4,500,000,000. Then the measure went to the House, which compromised and made the amount four and three-quarter billions. Then if we add the \$250,000,000 appropriated last week after only an inconsiderable contest. Mr. Jones gets the whole \$5,000,000,000 he asks for.

Mr. President, I do not think there is any need for this additional money. As a matter of fact the fund is a revolving one. It is true that what goes into subsidies is lost, but there is a provision in the statute that the amount lost shall be replaced by appropriation, and we did replace \$250,000,000 of losses only last week. We are going to be faced immediately after July with further losses, and

we will be asked to appropriate \$500,000,000 or \$600,000,000 more for losses which occurred during the present fiscal year. So in effect we can consider this as a revolving fund, and the question is how much of a revolving fund is necessary.

At the present time the Commodity Credit Corporation has invested, so to speak, in commodities, about \$2,000,000,000. It now owns or holds under lease 6,373,000 bales of cotton costing \$541,000,000. It now holds, or held at the time of this statement, 263,000,000 bushels of wheat costing \$375,000,000. I am quite certain that most of it has been sold since that time, and cash has been paid for it. The Corporation held on October 31, 1944, 331,000,000 pounds of wool costing \$174,000,000; 201,000,000 pounds of tobacco costing \$158,000,000; and 606,000,000 pounds of dairy and poultry products costing \$229,000,000. That is where the loss occurred to which the Senator from Nebraska referred. It holds miscellaneous commodities costing \$550,000,000, or a total of \$2,031,000,000.

Mr. AIKEN. What is the date of that statement?

Mr. TAFT. The date is October 31, 1944. It is the last balance sheet the Corporation was able to give us.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. WHERRY. That is the loss which has been incurred, and for the reasons I mentioned?

Mr. TAFT. No; this is not a loss.

Mr. WHERRY. What is it?

Mr. TAFT. This represents \$2,000,000,000 of the presently authorized \$3,000,000,000 which is invested in commodities today.

Mr. TOBEY. That is the Commodity Credit Corporation inventory.

Mr. TAFT. The only justification for any increase in borrowing power is that the Corporation must increase its inventory, and the plan as presented contains a long list of additional products which it desires to acquire. If we should provide exactly the additional amount for which the Corporation asks, which is \$2,000,000,000 more purchasing power, the Corporation would buy additional cotton, additional wheat, additional wool, additional tobacco, additional dairy products, and additional miscellaneous products.

The figures which are presented to justify this request, which are contained in the hearings, show that the Corporation wants money to be able to acquire 3,600,000 additional bales of cotton, which would give it at the end of this period 10,000,000 bales of cotton. It wants to acquire, or thinks it may have to acquire, 350,000,000 more bushels of wheat, costing \$500,000,000, which would give it a total of over 600,000,000 bushels of wheat.

For wool it is proposing to spend \$247,000,000 in addition to the \$174,000,000 already invested, to acquire a total of 831,000,000 pounds of wool, far more than the entire crop of wool in this country.

For tobacco it proposes to spend \$86,000,000 more, for dairy products another

\$100,000,000, and for miscellaneous products \$650,000,000.

Mr. President, the Commodity Credit Corporation has not shown any necessity for doing that. In fact, so far as the additional \$500,000,000 requested for wheat is concerned, I do not think there is any question whatever that at the end of the next fiscal year there will be a smaller holding of wheat than there was on October 31, 1944.

In other words, instead of needing for wheat \$500,000,000 more which the Corporation is requesting, it is likely that it will receive back in cash some \$250,000,000 of the money already invested in wheat, because the situation is that today there is a shortage of wheat in the world, and every pound of wheat and every pound of flour which can be produced will be required to feed the people of the world in the next 12 months. So I think the picture upon which this request is based is simply fantastic.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. Is there any estimate as to any amount of corn the Corporation may have to purchase in order to maintain the value under the Steagall amendment?

Mr. TAFT. Yes; the estimate includes \$130,500,000 for purchase of corn.

Mr. AIKEN. Did the Corporation not request this additional amount in anticipation of the possibility that if the war ends the bottom may fall out, at least temporarily, from under farm markets? It did after the last war.

Mr. TAFT. Yes; but no one can see any justification for that. Since this estimate was made in October, the shortage has shifted. Today we have a shortage of food. It may be necessary to buy 10,000,000 bales of cotton, although I think that is a dangerously large amount for the Government to hold. But I can see no justification for the additional purchase of two wool crops. We have had no difficulty in getting rid of the wool crop. It comes in, and the Government buys it, and sells it within 6 months. So during a large part of the year there is no necessity for a great amount of money to carry the wool crop.

Mr. AIKEN. Do we not now have stored large stocks of wool?

Mr. TAFT. The Commodity Credit Corporation bought the wool crop; but today that crop is rapidly going out. I believe that within a very short time all the money invested in wool will be returned.

Mr. AIKEN. The reason given for wanting the additional sum is that it may be kept to maintain a floor under farm prices.

Mr. TAFT. It may be necessary to buy great quantities of many products, but the Commodity Credit Corporation can sell the products it has today. In other words, this is a revolving fund. We already have \$2,000,000,000 invested, which we certainly ought to cash in if we possibly can. I do not know why we cannot cash in all of the \$2,000,000,000, except for the cotton, in which we have invested about a half a billion dollars.

So on any reasonable estimate of requirements, the situation today is that the Commodity Credit Corporation has \$2,000,000,000 invested. I am willing to give them another \$1,000,000,000 to increase their holdings if they wish to do so, and another billion to take care of subsidies, until the money is refunded by appropriations. But I am perfectly convinced that a year from now they will actually have not 1 cent more invested in products than is invested today. Yet once we authorize the borrowing power, the money is there. To say that they will not use it unless they need it is not a true reflection of Government operations. Governments ordinarily use whatever they happen to wish to use; and they are very likely to use it whether they need it or not.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. TOBEY. It is not only not a true reflection of Government operations, but it is not a true reflection of human nature.

Mr. TAFT. That is true. It is not a true reflection of human nature. Every department believes that its affairs are most important.

Furthermore, there is this to consider: I believe that this entire estimate was presented on the theory of a 2-year period. As a matter of fact, the Commodity Credit Corporation must come back to Congress next year, because the subsidy program will come to an end. We are authorizing subsidies for only 1 year. The Commodity Credit Corporation must come back to Congress within 12 months; and certainly by that time, even on its own estimate, it will not have used more than an additional billion to invest in commodities, plus the subsidy program. So I feel perfectly confident that \$4,000,000,000 is ample. I was willing to compromise with Mr. Jones on four and a half billion dollars, and so was he. Now, the House insists that the amount be increased. It insists that in addition to appropriating \$250,000,000 in cash, the borrowing power be increased to \$4,750,000.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BANKHEAD. The Senator is in error about the House appropriating \$250,000,000. The House has not yet appropriated it.

Mr. TAFT. It has not?

Mr. BANKHEAD. No.

Mr. TAFT. We approved the appropriation in the Senate, however; and there is really a legal obligation to appropriate. The act provides that the impaired capital shall be made good once a year. I was in favor of the appropriation.

Mr. BANKHEAD. The appropriation is in conference.

Mr. TAFT. When the House put in the \$5,000,000,000, it thought that the \$250,000,000 was not going to be appropriated, because it had left it out of the bill.

Mr. President, all I have to say is that I cannot see any justification for more than \$4,000,000,000. I was willing to compromise and make it four and a half billion. I do not believe that we ought

to go 1 cent beyond that figure. On that basis, the Senator from New Hampshire and I refused to sign the conference report. I think it is a matter of principle. I believe that if we continue to authorize a Government corporation to borrow money and spend it, without appropriation, for anything that is within the power of the corporation—and its powers are practically unlimited—we should treat the matter with the same careful consideration and limitation as does the Appropriations Committee when it considers appropriations.

Mr. RADCLIFFE. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. RADCLIFFE. Is the Senator from Ohio apprehensive that if the figure is fixed at \$4,750,000,000, more money will be loaned than if it is placed at \$4,500,000,000? I was fully in accord with the views which were expressed in favor of the figure—\$4,500,000,000. I believe that is probably sufficient. I realize, however, that it is not possible for us to forecast with assurance just how much will be necessary; but the Commodity Credit Corporation has a definite program to carry out.

Personally I felt very confident that \$4,500,000,000 would probably be sufficient, and I so voted in committee. However, when it was found that conferees on the part of the House held a different opinion, and that they were forecasting, as we were, as to what would be necessary, both forecasts being on a more or less speculative basis, and were insisting upon \$5,000,000,000, I was willing to go along to the extent of \$4,750,000,000; but in doing so I did not think that the granting of the larger amount would necessarily mean that any more money would be loaned. I do not like the idea of appropriating money—if this can really be called an appropriation—or setting aside any sum of money which is not in any way necessary. I should like to have the impression of the Senator from Ohio as to whether he thinks there is likely to be any difference in the aggregate of loans, whichever the figure may be.

Mr. TAFT. I refer to the case of the Reconstruction Finance Corporation. Today the Reconstruction Finance Corporation has practically unlimited power to borrow money. Why? Because in each of the authorizations to borrow money, we did not watch the situation closely. We made the sky the limit. We have never rescinded the power of the Corporation.

The power to borrow is unlike an appropriation. Once the power is given, it is there for all time to come; and it is most unlikely that we shall ever decrease the capital of the Commodity Credit Corporation. I have never seen it done in the case of the Reconstruction Finance Corporation or any other corporation which we have created. It seems to me that as time goes on, if there is a limit, the tendency is to increase the program until the limit is reached, without coming back to Congress and again proving the need for some program. If the borrowing power exists, the pressure which makes a department hesitate at a new program is removed if the department has no necessity of coming to Congress

for approval of a new program. It seems to me that granting additional borrowing power is even more important than granting additional appropriations.

Mr. RADCLIFFE. I am thoroughly in accord with the idea of rigid economy; but I was desirous to know whether the Senator from Ohio thinks there would be any more loans made if the higher figure were established than if the lower amount were agreed upon. As I understand, the lending of this money is not a matter of arbitrary caprice but follows a set schedule. When demands are presented in regard to certain commodities, loans are made really as a matter of course. We cannot forecast what these demands will be; but if requests are made for loans, the loans will be made readily on the various commodities according to a fixed basis and program.

Mr. TAFT. If we were to maintain a minimum price for the wool crop, that might be done for \$50,000,000 without any difficulty. On the other hand, if a great deal more money is available, it may be decided that the Government should buy the wool crop for an indefinite period. That would require \$150,000,000 instead of \$50,000,000; but since the money is there, the program can be proceeded with without reference to Congress. That is the kind of thing which is involved when additional power is given to proceed in a more expansive way, by a method whereby the Government has more power, engages in more activities, and goes further into private business.

Mr. RADCLIFFE. Will the Senator amplify that statement? He speaks about giving the Corporation more power. We know what that power is. We know what the program is. The Government will undoubtedly lend whatever it is called upon to lend on the various commodities. I should like to have the Senator tell me whether or not he thinks more will be loaned if the figure is set at \$4,750,000,000 than if it is placed at \$4,500,000,000. Personally, I prefer the figure of \$4,500,000,000, but merely because the amount is smaller it would doubtless affect the aggregate of the loans made. There are, however, some uncertain factors as to the basis of these loans.

Mr. TAFT. I thought I had answered the Senator's question. There is a support-loan program required for 2 years after the war, but that is not the only activity of the Commodity Credit Corporation. It can do many other things. One of the things which it has done in the war—I do not say that it is not justified—is to buy the whole wool crop. The Government thus becomes the sole operator of the wool business. I believe that the wool interests wanted the Government to do that during the war, but the Commodity Credit Corporation can go into business up to the limit of \$5,000,000,000. In addition to the loans which it may have to make under this program, the more money it has the more it can go into business. Today, with \$5,000,000,000, it could take over the whole grain business if it so desired. It could buy and sell all the wheat in the United States, and the Government would have a complete monopoly of the wheat business. The more money we

give the Commodity Credit Corporation, the more power it will have to do such things. Once we set up a corporation like this, its powers to operate in private business are almost unlimited. We ought to give it no more money than it needs. We should give it just enough money to do the things which we want done. It should not be given additional money or additional power.

Mr. RADCLIFFE. I agree with the Senator from Ohio that it is desirable to have all the restrictions possible, and we should do nothing whatever to encourage extravagance, but I cannot for the life of me believe that the Commodity Credit Corporation is going to run amuck if we set the amount at \$4,750,000,000, whereas it will not do so if we leave the figure at \$4,500,000,000.

Mr. TAFT. The Senator means that the \$250,000,000 is not worth worrying about.

Mr. RADCLIFFE. No; I do not say that—of course not.

Mr. TAFT. I admit the question is one of degree; but up to date, so far as I know, Government corporations have always been granted every cent of borrowing power they have requested. In effect, that is what Mr. Marvin Jones will be getting under the conference report. I think we should indicate as a matter of principle that we are not going to give them every cent they request and that they will have to justify every program they contemplate. Mr. Jones has not justified the program he has asked for.

Mr. RADCLIFFE. I do not think the \$250,000,000 invites any extravagance or additional loans. No one knows what the program will cost. The House of Representatives thought it would cost \$5,000,000,000. The Senate thought it would cost \$4,500,000,000. Everyone agrees that the Commodity Credit Corporation will handle the matter carefully. Again, I want to emphasize I was in favor of establishing the maximum lending power of the Corporation at \$4,500,000,000, but I am willing to vote for the other amount under the special circumstances. I do not think the additional grant would induce the Commodity Credit Corporation to launch upon a career of extravagance, but would be merely available should the definite program agreed upon chance to require the larger amount.

Mr. TAFT. Mr. President, let me give the Senator an example, a case in which large funds were available to the Commodity Credit Corporation, and the Corporation used the funds to initiate a program not authorized by Congress, or, in other words, in my opinion, illegal. I refer to the fact that the Commodity Credit Corporation paid subsidies to the milk producers of the country. I do not say that policy was not a wise one, but the Commodity Credit Corporation went ahead with that program, which now is costing the Government \$500,000,000 a year. The Corporation could not have gone ahead with that program if its borrowing power and lending power had been properly restricted. That particular program might be a proper one; nevertheless, the Commodity Credit Corporation undertook it without submitting it to Congress, without giving Congress an opportunity to express its judgment as to whether it thought the price of milk should be increased 2 cents or whether

the dairy producers should be subsidized. The subsidy was established over the opposition of all the dairy producers, who asserted that the thing to do was to increase the price of milk. Why could the Commodity Credit Corporation do that? It could do it because it had \$500,000,000 worth of borrowing power more than it needed for its legitimate purposes. That is why it was able to go ahead with that program.

Mr. AIKEN. Mr. President, ordinarily I would approve holding the Commodity Credit Corporation down to as small a borrowing power as possible, and requiring it to come back to Congress if it required more money; but it seems to me we are now in rather unusual circumstances. We do not know when the war in Europe will end, though we hope it will end soon. We know that when it ends there will be a cut-back in buying for our armed services.

We realize that more shipping will be available to transport food to the markets of the world, but we also must realize that the markets of the world will not be in a condition to pay American prices, and something will have to be done to maintain the agricultural prices of this country if we are not to see the purchasing power of farm people go down. It is obvious that the few months immediately following the end of the war will be the critical period during which there might be a collapse in farm prices.

The Government is required by the Steagall amendment to maintain a floor under farm prices. I do not wish to take the chance of depriving the Commodity Credit Corporation of this much borrowing power at this time, because the Corporation might have to use it very quickly. We know that some prices will collapse very quickly when the war in Europe ends, and we hope it will end very soon.

So I would feel much better if the Commodity Credit Corporation had sufficient borrowing power to enable it to continue its operations. The Corporation may have exaggerated its need. It has done so before. Ordinarily we should proceed very carefully in connection with a matter such as the one under consideration. However, last year when we made the appropriation for the Corporation we provided that its operations were to be placed under the scrutiny of the Office of the Comptroller General. That provision should be something of a safeguard. Fortunately, we have placed a number of other Government corporations under the scrutiny of the Office of the Comptroller General since that time.

Under present conditions I think it would be much safer to adopt the conference report and to authorize the Commodity Credit Corporation to have the additional \$250,000,000 worth of purchasing power. It is true it would then have sufficient money to buy the whole wheat crop of the country or the whole wool crop, but it is also true that it may have to buy almost the entire wheat crop when the war in Europe ends, if the price begins to fall. I want the Commodity Credit Corporation to be able to do so if it has to.

Mr. TOBEY. Mr. President, the Senator from Ohio has very cogently summed up the reasons which caused

both himself and me to refuse to sign the conference report. I think he has made out a sufficient case.

The fact remains that Marvin Jones—and let me say there is no man in Washington for whom I have greater admiration; I was associated with him for 6 years on the House Committee on Agriculture, and he has my confidence—came before the committee, and in answer to the questions of the Senator from Ohio said he could get along well enough, in his judgment, with the four and one-half billion dollars' worth of borrowing power. The Commodity Credit Corporation asked for \$5,000,000,000 worth of borrowing power.

The Senate Committee on Banking and Currency recommended that the borrowing power of the Corporation be fixed at \$4,500,000,000. The bill carrying an authorization of that much borrowing power was passed by the Senate. The bill as passed by the House provided for \$5,000,000,000 worth of borrowing power. Consequently, the bill went to conference, and the House conferees agreed that the Corporation's borrowing power should be \$4,750,000,000.

I wish to see Marvin Jones stay so close to the Senate and House Committees on Banking and Currency that if he needs more money he will come back to those committees. As the Senator from Ohio has said, he must return in a year in connection with the subsidy matter, which perforce will expire then. I believe in consultation as frequently as possible between the heads of governmental agencies and the Congress. That is exactly what will occur if we limit the Commodity Credit Corporation to a borrowing power of \$4,500,000,000, not \$4,750,000,000. If we limit it to the smaller amount, when Mr. Jones needs more money he will come back before our committees and will justify the need.

I call for support of action of the Senate in voting to give the Commodity Credit Corporation a borrowing power of \$4,500,000,000, taking Mr. Marvin Jones' word at par, and giving him what he told us he could get along with.

Mr. President, I ask for a vote on the conference report.

Mr. BARKLEY. Mr. President, it is obvious that there will have to be a yeas-and-nays vote on the conference report, and before that it will be necessary to have a quorum call. I ask unanimous consent that at the hour of 12:30 p. m. tomorrow the Senate shall proceed to vote on the question of adoption of the conference report by yeas-and-nays vote.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Kentucky?

Mr. AIKEN. Mr. President, does the Senator mean to have the Senate vote on it without any further debate?

Mr. BARKLEY. At 12:30 p. m.; yes.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Kentucky?

Mr. BARKLEY. Mr. President, my request involves the ordering of the yeas and nays on the question of agreeing to the conference report.

The VICE PRESIDENT. Without objection, the unanimous-consent request of the Senator from Kentucky is agreed to.

Mr. TAFT. Mr. President, will the Senator from Kentucky agree that 15 minutes may be allotted to each side, the use of the time to be controlled, respectively, by the senior Senator from Alabama [Mr. BANKHEAD] and myself?

Mr. BARKLEY. Of course I have no objection; but a part of the half hour will be taken up with a quorum call. Whatever time is available for discussion will of course, be divided between the two sides.

Mr. TAFT. Very well.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORT OF THE COMMERCE COMMITTEE

Mr. PEPPER, from the Committee on Commerce, reported favorably the nomination of Vice Admiral Russell R. Waesche, Commandant of the Coast Guard, to be an admiral in the United States Coast Guard.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of JED JOHNSON, of Oklahoma, to be judge of the United States Customs Court.

Mr. THOMAS of Oklahoma. Mr. President, Representative JED JOHNSON is from my State of Oklahoma. He lives in my home congressional district. He has served in the House of Representatives for 18 years, and is now entering upon his nineteenth year. That means that he was elected to Congress 10 times. He succeeded me in the House of Representatives. I have been closely associated with him for a long period of time.

Representative JOHNSON was born in Texas, but educated in Oklahoma. He attended the University of Oklahoma and a university in Paris. He is well educated. He has had a vast amount of experience. He has been a mail carrier, a salesman, a teacher, an editor, a lawyer, and a Representative in Congress for almost 19 years. So, Mr. President, he is amply qualified to enter upon the duties of a Federal judge of the United States Customs Court. He is an able lawyer. He has practiced in the courts of Oklahoma, as well as in courts outside my State. He is eminently qualified by experience, education, and ability as a lawyer. He has been associated with a highly successful law firm in southwestern Oklahoma.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHITE. I have the same high opinion of Representative JOHNSON as that which has been expressed by the Senator from Oklahoma. I wonder if we may be assured that in the event of his nomination being confirmed today, within a reasonable time he will terminate his service in the House of Representatives and assume the duties of his new position.

Mr. THOMAS of Oklahoma. Of course, I am not authorized to speak directly for Representative JOHNSON, but I think I may speak for him indirectly.

He is chairman of the Subcommittee of the Committee on Appropriations of the House of Representatives, handling the Interior Department appropriation bill. He has been very much interested in that subject for several years. He has now completed the hearings on that bill. The bill is on the calendar and pending before the House of Representatives. It will be passed by the House within a few days after it resumes regular sessions following its Easter vacation. The bill will then come to the Senate and will not be here very long. I am advised that as soon as it has been disposed of by the Congress, Representative JOHNSON will tender his resignation and assume his duties as judge of the United States Customs Court.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McFARLAND. I had the pleasure of attending the Oklahoma University Law School as a student with Representative JOHNSON. He was an outstanding student at that university. As has been pointed out by the distinguished senior Senator from Oklahoma, Representative JOHNSON was a distinguished lawyer in the State of Oklahoma at the time he was elected a Member of Congress. He served his country during the First World War. He attended the Université de Clermont, France, where he studied international law. During his service as a Member of Congress he has proved himself to be a lawyer of marked ability. In 1921 and in 1926 he served as State senator in the Oklahoma Legislature. Since 1927, as stated by the senior Senator from Oklahoma, he has been a Representative of his State in the National Congress from the Sixth Congressional District of Oklahoma. He served as a delegate from the United States Congress to the twenty-fourth annual peace conference of the Interparliamentary Union at Paris, France, in 1927. He attended similar world peace conferences at Geneva, Switzerland, in 1929, and at Paris, France, in 1937.

I believe that Representative JOHNSON's qualifications are of the very highest. It was with pleasure that I reported his nomination from the Judiciary Committee, where it received the unanimous approval of the committee.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination of JED JOHNSON to be judge of the United States Customs Court?

The nomination was confirmed.

The VICE PRESIDENT. The clerk will state the next nomination on the Executive Calendar.

The legislative clerk read the nomination of Albert A. Ridge to be United States district judge for the western district of Missouri.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John J. Wein to be United States marshal for the northern district of Ohio.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc and that the President be notified.

The VICE PRESIDENT. Without objection, the nominations of postmasters are confirmed en bloc; and, without objection, the President will be notified forthwith.

THE MARINE CORPS

The legislative clerk read the nomination of Lt. Gen. Alexander A. Vandegrift to be a general in the United States Marine Corps.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Navy be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations in the Navy are confirmed en bloc.

That completes the Executive Calendar.

Mr. THOMAS of Oklahoma. I ask unanimous consent that the President be notified of all nominations confirmed today.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 46 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, April 4, 1945, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 3 (legislative day of March 16), 1945:

THE JUDICIARY

UNITED STATES CUSTOMS COURT

JED JOHNSON to be judge of the United States Customs Court.

UNITED STATES DISTRICT JUDGE

Albert A. Ridge to be United States district judge for the western district of Missouri.

UNITED STATES MARSHAL

John J. Wein to be United States marshal for the northern district of Ohio.

IN THE NAVY

APPOINTMENTS IN THE NAVY, FOR TEMPORARY SERVICE

Richard S. Edwards to be admiral, to continue while serving as Deputy Commander in Chief, United States Fleet, and Deputy Chief of Naval Operations.

Henry K. Hewitt to be admiral.

Thomas C. Kinkaid to be admiral.

Walter S. Anderson to be vice admiral, to continue while serving as commander, Gulf sea frontier.

William S. Farber to be vice admiral, to continue while serving as Subchief of Naval Operations.

Arthur S. Carpender to be vice admiral, to continue while serving as commander, Midwest naval area.

OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No.65

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued April 5, 1945, for actions of Wednesday, April 4, 1945)

(For staff of the Department only)

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SENATE

1. COMMODITY CREDIT. Agreed, 47-32, to the conference report on S. 298, the CCC bill (pp. 3129-32). This bill will now be sent to the President.
Sen. Taft, Ohio, inserted in the Record a table showing the estimate of increased borrowing authority required (p. 3130).
2. AGRICULTURAL APPROPRIATION BILL, 1946. Sen. Briggs, Mo., submitted an amendment which he intends to propose to this bill, H.R.2689, to insert in the loans, grants, and rural rehabilitation item a provision to authorize the sale of units of the Delmo Labor Homes, Mo., to occupants of such units (p. 3133).
3. WAR MOBILIZATION. Confirmed the nomination of Fred A. Vinson to be Director of War Mobilization and Reconversion (p. 3139).
4. MILITARY TRAINING. Received an American Legion letter favoring universal military training (p. 3132).
5. FOREIGN FINANCIAL OBLIGATIONS. Agreed to Sen. Fulbright's (Ark.) unanimous consent request to discharge the Foreign Relations Committee from further consideration of S. 636, to repeal the act prohibiting financial transactions with any foreign government in default on its obligations to the U.S., and to rerefer this bill to the Finance Committee (p. 3133).
6. BYRNES REPORT. The OWMR report (see Digest 63) recommends legislation to authorize appropriate administrative agencies to make payments in lieu of farm support prices, whenever as a result of a decline in the domestic consumption or exports it is determined that the support prices are resulting in the accumulation of surpluses and when the over-all cost to the Government would be reduced by substituting direct payments for price supports; expand the present school-lunch program, to the end that all grade- and high-school children can participate within two or three years; combine the soil-conservation programs; temporarily retain price control and rationing after VE-day; extend the Export-Import Bank's authority; extend and strengthen the Trade Agreements Act; separate the Surplus Property Board from OWMR; authorize the President to consolidate, transfer, and curtail agencies after the defeat of Germany, such actions to be subject to Congressional disapproval; control distribution of manpower; give WLB statutory

power to make its decisions enforceable; establish an International Monetary Fund and an International Bank for Reconstruction and Development; repeal the Johnson Act; and establish (in the future) a single Department of National Defense.

7. WATER UTILIZATION. Continued debate on the Mexican Water Treaty (pp. 3129-54).

HOUSE

NOT IN SESSION. Next meeting Thurs., Apr. 5.

BILL INTRODUCED

8. PERSONNEL. S. 807 (see Digest 63), provides the following as permanent legislation: Authorizes permanent time-and-a-half overtime pay for employees with basic pay less than \$3,800, and authorizes overtime pay of \$1,140 (per 416 hours) for \$3,800 employees, with such pay decreasing gradually until \$654 would be paid to personnel at \$6,500 and over. Authorizes compensatory time off for irregular or occasional overtime work by per annum employees, without restriction as to the period within which the time off is to be allowed. Requires a 10-percent pay differential for night work. Requires time-and-a-half pay for holiday work. Authorizes the Civil Service Commission to establish minimum and maximum pay rates within grades. Permits administrative promotions every 12 and 18 months rather than every 18 and 30 months, and provides for them at the beginning of a month rather than a quarter. Authorizes an additional one-step administrative promotion, between periods, for superior accomplishments. Provides for additional compensation for employees of the legislative and judicial branches of the government.

ITEMS IN APPENDIX

9. BANKING AND CURRENCY. Sen. Johnson, Calif., inserted J.F. Newlan's analysis of the Bretton Woods agreements (pp. A1767-76).
10. MISSOURI VALLEY AUTHORITY. Extension of remarks of Sen. Butler, Nebr., including Speaker Peterson's (Nebr. Legislature) address, discussing the establishment of an MVA and the manner in which it should be administered (pp. A1776-9).

BILL APPROVED

11. HOUSING. S. 681, increasing the mortgage authorization under the National Housing Act, extending the Federal Housing Administration until July 1, 1946, and assisting in the liquidation of housing properties. Approved Mar. 31, 1945 (Public Law 27, 79th Cong.).

COMMITTEE HEARINGS Released by G.P.O.

12. FLOUR SUBSIDY PROGRAM for 1945. S. 502 and H.R. 2775. House Banking and Currency Committee.
13. TREASURY-POST OFFICE APPROPRIATION BILL, 1946. H.R. 2252. Senate Appropriation Committee.
14. SMALL BUSINESS. H.R. 8, 1945 continuance of SWPC. House Banking and Currency Committee.
15. SELECTIVE SERVICE. H.R. 2625, to extend the Selective Training and Service Act. House Military Affairs Committee.



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WASHINGTON, WEDNESDAY, APRIL 4, 1945

No. 65

House of Representatives

The House was not in session today. Its next meeting will be held on Thursday, April 5, 1945, at 12 o'clock noon.

Senate

WEDNESDAY, APRIL 4, 1945

(Legislative day of Friday, March 16, 1945)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, in this moment of quietness, hushing all discordant noises that we may hear Thy voice, we would ponder the pattern our lives are weaving, as we bow in Thy searching presence unto whom all hearts are open and from whom no desires are hid. When in the light of Thy righteousness and truth we examine ourselves, our recreant hearts are filled with regret and discontent; for we confess that we have missed the shining mark and come short of the glory. Yet, even in our failure to attain, we are lured by the haunting creed that life is a capacity for the highest. Help us to make it a pursuit of the best and, casting aside all counsels of despair, press on with buoyant feet, firm in the faith that for ourselves, our Nation, and for our world the best is yet to be. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, April 3, 1945, was dispensed with, and the Journal was approved.

CONTINUATION OF COMMODITY CREDIT CORPORATION—CONFERENCE REPORT

The Senate resumed the consideration of the conference report on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 298) to continue the Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Pepper
Austin	Green	Radcliffe
Bailey	Guffey	Reed
Ball	Gurney	Revercomb
Bankhead	Hatch	Russell
Barkley	Hill	Saltonstall
Bilbo	Johnson, Calif.	Shipstead
Brewster	Johnson, Colo.	Smith
Bridges	Johnston, S. C.	Stewart
Briggs	La Follette	Taft
Buck	Langer	Taylor
Burton	Lucas	Thomas, Okla.
Bushfield	McCarran	Thomas, Utah
Butler	McChellan	Tobey
Byrd	McFarland	Tunnell
Capehart	McKellar	Tydings
Capper	McMahon	Vandenberg
Chavez	Magnuson	Wagner
Connally	Mead	Walsh
Cordon	Millikin	Wheeler
Donnell	Moore	Wherry
Downey	Morse	White
Eastland	Murdock	Wiley
Ellender	Murray	Willis
Ferguson	Myers	Wilson
Fulbright	O'Daniel	
George	O'Mahoney	

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS], the Senator from Kentucky [Mr. CHANDLER], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. HOEY], the Senator from South Carolina [Mr. MAYBANK], the Senator from Louisiana [Mr. OVERTON], and the Senator from Nevada [Mr. SCRUGHAM] are necessarily absent.

The Senator from Virginia [Mr. GLASS] is absent because of illness.

The Senator from West Virginia [Mr. KILGORE] and the Senator from Washington [Mr. MITCHELL] are absent on official business with the Special Committee to Investigate the National Defense Program.

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS], the Senator from

Connecticut [Mr. HART], the Senator from New Jersey [Mr. HAWKES], the Senator from Wyoming [Mr. ROBERTSON], the Senator from Idaho [Mr. THOMAS], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

The VICE PRESIDENT. Seventy-nine Senators having answered to their names, a quorum is present.

The question is on agreeing to the conference report on Senate bill 298 to continue the Commodity Credit Corporation, upon which question, under the unanimous-consent order of yesterday, the vote will be taken by yeas and nays at 12:30 o'clock today. The Senator from Ohio is entitled to the floor.

Mr. TAFT. Mr. President, the understanding is that we will divide the time between the opponents of the conference report and the proponents of the report. The report to which the Senator from New Hampshire [Mr. TOBEY] and I disagreed recommends a bill which will give the Commodity Credit Corporation borrowing power of \$4,750,000,000 for the next 2 years for which the Corporation is to continue in operation.

My contention is that \$4,000,000,000 is amply sufficient, that the Senate compromised in the committee with Mr. Marvin Jones, the head of the War Food Administration, by finally raising the amount to \$4,500,000,000, and we contend that there is no justification for going further to \$4,750,000,000, after Mr. Jones stated, as I read yesterday, that \$4,500,000,000 was sufficient.

Mr. President, I wish to insert in the Record at this point the alleged justification for the increase, a table which appears on page 23 of the hearings before the Senate Committee on Banking and Currency.

The VICE PRESIDENT. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

War Food Administration—Commodity Credit Corporation—Estimate of increased borrowing authority required

Programs	I. Estimated net obligations for loans, purchases, and expenditures, Nov. 1, 1944, to Dec. 31, 1945	II. Estimated net additional obligations for period after VE-day
Barley, rye, and grain sorghums	\$16,845,000	
Peas and peas, dry edible	6,336,000	\$47,600,000
Cheese	18,600,000	
Corn	55,500,000	75,000,000
Cotton	331,200,000	30,000,000
Cotton, Egyptian	(15,270,000)	
Corn Eodity export	75,000,000	
Dairy products	20,000,000	80,000,000
Dairy production	526,000,000	
Eggs	13,000,000	273,900,000
Fats and oils, foreign	(4,800,000)	
Fluid milk	14,000,000	
Fruits for processing	34,300,000	
General commodities purchase	(136,685,000)	(100,000,000)
Gun naval stores	(1,000,000)	10,000,000
Hay and pasture seeds	14,886,000	13,000,000
Hemp and milkweed floss	10,066,000	
Pork products		50,000,000
Oilseeds and products	295,100,000	
Peanut butter	15,000,000	
Irish potatoes	59,500,000	63,900,000
Sweet potatoes	7,500,600	3,000,000
Rice		30,000,000
Shortening	1,500,000	
Sugar	63,000,000	
Tobacco	86,500,000	
Vegetables for processing	39,700,000	
Wheat	371,000,000	175,000,000
Wool	87,000,000	160,000,000
Carrying charges and operating expenses	125,000,000	

War Food Administration—Commodity Credit Corporation—Estimate of increased borrowing authority required—Continued

Programs	I. Estimated net obligations for loans, purchases, and expenditures, Nov. 1, 1944, to Dec. 31, 1945	II. Estimated net additional obligations for period after VE-day
Reserve for other programs	\$50,000,000	
Total	2,178,778,000	\$910,800,000
Total estimated net obligations:		
Nov. 1, 1944, to Dec. 31, 1945	2,178,778,000	
12 months after VE-day	910,800,000	3,089,578,000
Less estimated funds available:		
Cash Oct. 31, 1944	21,448,000	
Available borrowing power Oct. 31, 1944	811,365,000	
Appropriation pending	256,765,000	1,689,578,000
Total increase in borrowing authority required		2,090,000,000

Figures in parentheses indicate credits.

Mr. TAFT. Mr. President, I also ask that there be inserted in the RECORD at this point a table showing the commodities presently owned by the Commodity Credit Corporation, and under loan.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

War Food Administration—Commodity Credit Corporation—Commodities owned and under loan, Oct. 31, 1944

Commodity	Owned		Under loan		Total held	
Barley, rye, grain sorghums	Quantity	Amount	Quantity	Amount	Quantity	Amount
do	303,531	\$248,375.73	2,357,952	\$1,988,092.52	2,661,483	\$2,236,468.25
Corn	897,731	450,512.15	1,363,553	1,151,070.45	2,261,284	1,601,582.60
Cotton	2,272,941	151,252,795.74	4,100,474	390,295,464.10	6,373,415	541,548,259.84
Foreign commodities:						
Sugar	1,806,435	87,681,037.21			1,806,435	87,681,037.21
Other		45,331,829.78				45,331,829.78
Hemp and milkweed floss		23,174,081.01				23,174,081.01
Naval stores:						
Turpentine	178,504				178,504	
Rosin	2,927	5,958,019.14	15,271	169,275.81	18,198	6,127,294.95
Oil seeds and products:						
Potatoes		26,688,574.69		6,883,496.99		33,572,071.68
Tobacco		11,536,185.05		987,580.59		12,523,765.64
Wheat	198,265,488	157,884,494.97	2,919,230	843,471.97	201,184,718	158,727,966.94
Wool	94,706,246	147,363,100.89	168,865,106	227,768,234.56	263,571,352	375,131,335.45
Miscellaneous	331,668,706	174,423,780.37		1,647,641.22	331,668,706	174,428,780.37
Subtotal		836,470,269.33		631,734,328.21		1,468,204,597.54
General commodities purchase program:						
Cotton, fiber, and naval stores	57,321,701	13,261,647.00			57,321,701	13,261,647.00
Dairy and poultry	606,994,422	229,133,853.00			606,994,422	229,133,853.00
Fats and oils	123,942,514	18,176,331.00			123,942,514	18,176,331.00
Fruits and vegetables	451,466,510	58,356,578.00			451,466,510	58,356,578.00
Grain products	991,000,383	61,263,868.00			991,000,383	61,263,868.00
Livestock products	558,015,981	93,833,133.00			558,015,981	93,833,133.00
Special commodities	549,235,474	36,904,105.00			549,235,474	36,904,105.00
Butter and cheese, D.						
P. M. A.		39,114,718.47				39,114,718.47
Miscellaneous		13,143,215.02				13,143,215.02
Grand total		1,399,657,717.82		631,734,328.21		2,031,392,046.03

Prepared Jan. 25, 1945; Treasurer's Office.

Mr. TAFT. Mr. President, very roughly speaking, the Commodity Credit Corporation have used \$2,000,000,000 only of the \$3,000,000,000 authorized. Their statement shows that they still have available for lending, after all these

years, another billion dollars, and they are asking for \$2,000,000,000 in addition to that, or a total of \$3,000,000,000

I think the case is not made for their contention. Their fund is a revolving fund. They now have about \$2,000,000,-

000 worth of commodities, most of which are in the course of being sold, and the money would be available again. I am convinced that if we increase the amount to \$4,000,000,000, it would be more than sufficient for every reasonable purpose the Corporation may have, without any increase they may think necessary for the acquisition of commodities.

They say that at the end of the year and a half they will have to carry 600,000,000 bushels of wheat. I do not believe there will be such a necessity, and I think an examination into present conditions shows that there will be demand for much more wheat and flour throughout the world during the next year than there will be wheat and flour to supply the demand, so that, far from needing more money, they will actually cash in on some \$375,000,000 which they already have in wheat, which, I feel convinced, will be returned in the form of cash.

My theory is not so much that there is a waste of money, but it is that once the borrowing power is given, tremendous additional power is lodged in the Commodity Credit Corporation. We have been criticized because we gave such vast powers to the R. F. C. Now it is proposed that we follow the same course with the Commodity Credit Corporation, and give them \$5,000,000,000 with which they can engage in any business relating to food in the United States, with which they can put the United States into full control of the wheat business, if they wish to do so, or buy the whole crop. They bought the whole wool crop this year, and under the plan proposed they can continue to absorb other features of business if they so desire.

It seems to me that we should treat them just as we would in regard to an appropriation, that we should authorize exactly the amount of money which they show they need, and in my opinion, under present circumstances, they have not shown a need for more than a billion dollars additional, plus a billion for subsidies which, incidentally, will come to them when the money is finally appropriated. I feel perfectly confident that a year from now—and they will have to come back a year from now to get additional subsidies—having more money invested in commodities, they will have less than they have today.

Mr. REVERCOMB. Mr. President, does the Senator have time to yield for a question?

Mr. TAFT. I yield.

Mr. REVERCOMB. Will the change in amount from \$4,750,000,000 to \$4,500,000,000 make any difference in the milk subsidies being paid today by the War Food Administration?

Mr. TAFT. No. The Senate authorized the payment of \$500,000,000 for milk subsidies during the ensuing fiscal year. The House increased the amount to \$568,000,000, and our committee yielded to the House on that, as it did on everything else, except the one point on which the House proposed to compromise.

This will not in any way affect the subsidy program. It affects the permanent borrowing power of the Commodity Credit Corporation.

There is no question that they will have more than sufficient to meet their needs. The total amount required for

subsidies is about \$800,000,000, and suppose it is paid, and we come to the end of the year; that money is reappropriated on recommendation of the Committee on Appropriations. The truth is that what we have here is no compromise at all, because they get \$4,750,000,000.

The Senate will recall that a few days ago we appropriated \$350,000,000 more, after considerable discussion, so that as a matter of fact when he gets through, Mr. Jones will have exactly what he started out to get. My feeling is that we must at some time take the position that we should not necessarily comply merely because a Government corporation wants additional borrowing power.

I ask the Members of the Senate to read the full discussion of this matter in yesterday's CONGRESSIONAL RECORD. My remarks begin at the bottom of page 3122.

Mr. President, we do not have time now to go into a full discussion of the subject. If the conference report is rejected I shall move to send the bill back to further conference. In view of the fact that Judge Jones has said that he could get along well with an increase of a billion and one-half dollars, I see no reason why the House conferees should not yield. If the House conferees should not yield, they can at least submit the question to a vote of the House, and I feel confident, in view of the facts which have been developed, that the House will agree to the lower figure.

Mr. BANKHEAD. Mr. President, in view of the repetition by the Senator from Ohio of the statement which Mr. Jones made some 5 or 6 weeks ago, and the fact that conditions have materially changed since then, I shall ask the junior Senator from Maryland [Mr. RADCLIFFE] to make a brief statement.

Mr. RADCLIFFE. Mr. President, when the bill was being considered in conference the House conferees were very definitely of the opinion that Judge Jones thought \$5,000,000,000 would be necessary and so insisted in discussing matters with Senate conferees, of which I am one. Since the session of the Senate of yesterday I have had a talk with Judge Jones and also with Mr. Hancock, head of Commodity Credit, and both of them are very emphatic in their statements. They believe strongly it would be highly desirable and probably necessary to fix the amount at \$4,750,000,000. I still hope four and a half billion dollars will be sufficient, indeed, I hope \$4,000,000,000 will be enough, but as Judge Jones says, there are certain factors in the nature of contingencies which cannot be reckoned with definitely, and therefore he thinks, in a spirit of caution, that the full amount requested should be provided. Certainly no one wants the farmers' program to be inconvenienced in any way if the sum provided should prove to be inadequate. Why take such a risk by being possibly too optimistic in our calculations?

Judge Jones also emphasized to me again this morning the fact that whether the sum is four and one-half billion dollars or \$4,750,000,000 there is not going to be any difference in the general program of operation. The Government has a definitely set program which is

going to be carried out in the interest of agriculture and of the general welfare. The point is that no one can foresee definitely just what the amount needed is going to be. Under the circumstances I think it is the part of wisdom to go along with the conference report, giving credence and support to Judge Jones' opinion, and Mr. Hancock's opinion, both expressed to me this morning, and giving weight to the views of the House of Representatives. Since the time set for voting as to whether or not we shall adopt this conference report will arrive in a few minutes. I shall not trespass further upon the time of the Senator from Alabama by repeating or developing the arguments which I made in the Senate yesterday in this matter. We should play safe by adopting the conference report.

Mr. BANKHEAD. Mr. President, in view of the fact that this is a conference report agreed to by eight of the conferees of the two Houses as opposed to two conferees, I shall not enter upon a detailed discussion of the evidence before the Senate committee and the House committee. The conferees dealt with the problem after the two Houses had acted. I say again, as I said yesterday, that the House voted twice for \$5,000,000,000, and rejected motions made to reduce the amount, first to \$4,000,000,000, and then to \$4,500,000,000. The House voted both motions down, and by a substantial majority approved the \$5,000,000,000 after Judge Jones had testified before the House committee some time after he appeared before the Senate committee.

Mr. President, in the conference the conferees had difficulty in reaching an agreement. This agreement was not hurriedly reached. We spent a day endeavoring to reconcile our differences chiefly upon the point now under discussion. The suggestion was first made that the compromise proposal of one and one-half billion dollars increase be agreed upon, and the House conferees rejected it because they said they had instructions from the House, by the votes taken in the House—not direct instructions, but what they construed to be the definite will of the House—and because the Department was insisting that there would be greater need, as time passed on, for food programs than there was when the bill was first introduced in the Senate.

So the matter rested for some days. I told the chairman of the House conferees that when they got ready to do something, to yield from the \$5,000,000,000, to let me know, and I would call another conference meeting. After a week or 10 days, as I recall, Representative SPENCE called me and said that the five conferees on the part of the House had agreed to accept a settlement of \$1,750,000,000 increase. I then called a meeting of the joint conference committee and after some discussion a majority of the Senate conferees agreed to that adjustment of the differences between the two Houses.

Mr. President, that report was submitted to the House. The House adopted it. The House has agreed to a series of 3-day recesses, and will not undertake

to dispose of such matters as this report until the 16th of this month. A number of food programs are awaiting the action of Congress. A very large amount of this money is to be used, in addition to loans, for programs which involve crop production and the quantity of food supply. The announcement was made by the Department that the support prices were contingent upon the adoption of the conference report which would provide sufficient money to carry out the obligations.

Mr. REED. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield, but I remind the Senator that my time is very short.

Mr. REED. I wanted to express my agreement with the Senator from Alabama that the conference report should be adopted. I dislike to say that this is only an authorization, but that is all it is. I am a member of the Appropriations Committee subcommittee which deals with the appropriation, and I certainly will give it my attention when it comes before the committee.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BANKHEAD. My time is limited.

Mr. TAFT. Merely to correct the statement just made by the Senator from Kansas. When this money is authorized to be borrowed, it may be spent. There is no longer any appropriation required. There is no longer an appeal to the Appropriations Committee.

Mr. BANKHEAD. Please do not take any more of my time.

Mr. President, the Commodity Credit Corporation has planned well. The Corporation appraised the property it had last spring and found that it had lost only \$260,000,000. We all know that Judge Jones is a careful and conservative man, of great experience in agricultural matters, and, of course, there will be no runaway program and no unwarranted expense. I submit it would be hazardous for the Senate to reject the programs which are contingent upon the amount of money the Congress provides. I think it would be hazardous for the Senate to reject the report because so many of the food programs are awaiting the approval of this measure. The farmers do not know whether the Senate is going to approve it or not. Payment to the farmers under many of the programs is dependent, so we are advised by the Department, upon the approval of this report, which would make available the additional amount of money requested.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I cannot yield. I have only a minute left.

Mr. President, I submit that we cannot afford in these critical times to trifle with the food situation, especially when every day the information comes to us that there is increasing anxiety among the people, that there is greater danger of a threatened calamity because of shortage of food in the world. We should not cavil here over granting the authority to spend the money requested. The money is not appropriated by the action we take now. It is not gone. No

one here has objected to stupendous authorizations for the R. F. C. to finance business; but when we ask for an authorization for the food program which is small when compared with what has been done for business, we find Members of the Senate who, it would seem, are in a way willing to jeopardize the food supply.

I submit to the Senate that this is no time to let the farmers down. This is no time to be chiseling around and cutting down the authority of the Commodity Credit Corporation when so much is involved. The Commodity Credit Corporation is the one agency of the Government which can finance agricultural programs as the R. F. C. finances business programs.

I hope the conference report will be adopted.

The VICE PRESIDENT. The hour of 12:30 having arrived, under the unanimous-consent agreement entered into yesterday the Senate will proceed to vote on the conference report on Senate bill 298. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Florida [Mr. ANDREWS], the Senator from Kentucky [Mr. CHANDLER], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. HOEY], the Senator from South Carolina [Mr. MAYBANK], the Senator from Louisiana [Mr. OVERTON], and the Senator from Nevada [Mr. SCRUGHAM] are necessarily absent.

The Senator from Virginia [Mr. GLASS] is absent from the Senate because of illness.

The Senator from West Virginia [Mr. KILGORE] and the Senator from Washington [Mr. MITCHELL] are absent on official business with the Special Committee to Investigate the National Defense Program.

I am advised that if present and voting, the Senator from Florida [Mr. ANDREWS], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. HOEY], the Senator from South Carolina [Mr. MAYBANK], the Senator from West Virginia [Mr. KILGORE], and the Senator from Washington [Mr. MITCHELL] would vote "yea."

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS], the Senator from Connecticut [Mr. HART], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from New Jersey [Mr. HAWKES], and the Senator from Wyoming [Mr. ROBERTSON] are necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is paired on this question with the Senator from Idaho [Mr. THOMAS]. If present, the Senator from North Dakota would vote "yea," and the Senator from Idaho would vote "nay." Both Senators are necessarily absent.

The result was announced—yeas 47, nays 32, as follows:

YEAS—47

Alken	Chavez	Green
Austin	Connally	Guffey
Bailey	Downey	Hatch
Bankhead	Eastland	Hill
Barkley	Ellender	Johnson, Colo.
Blibo	Fulbright	Johnston, S. C.
Briggs	George	La Follette

Langer	Murray	Taylor
McCarran	Myers	Thomas, Okla.
McClellan	O'Mahoney	Thomas, Utah
McFarland	Pepper	Tunnell
McKellar	Radcliffe	Tydings
McMahon	Reed	Wagner
Magnuson	Russell	Walsh
Mead	Shipstead	Wheeler
Murdock	Stewart	

NAYS—32

Ball	Donnell	Saltonstall
Brewster	Ferguson	Smith
Bridges	Gerry	Taft
Buck	Gurney	Tobey
Burton	Johnson, Calif.	Vandenberg
Bushfield	Lucas	Wherry
Butler	Millikin	White
Byrd	Moore	Wiley
Capehart	Morse	Willis
Capper	O'Daniel	Wilson
Cordon	Revercomb	

NOT VOTING—17

Andrews	Hayden	Overton
Brooks	Hickenlooper	Robertson
Chandler	Hoey	Scrugham
Glass	Kilgore	Thomas, Idaho
Hart	Maybank	Young
Hawkes	Mitchell	

So the conference report was agreed to.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution of the Legislature of the State of California, favoring the enactment of legislation providing for the formation of an Optometry Corps in the Regular Army and the Army of the United States; to the Committee on Military Affairs.

(See joint resolution printed in full when presented by Mr. DOWNEY on 3d instant, pp. 3099-3100, CONGRESSIONAL RECORD.)

Resolutions adopted by Abruzzese and Orsarese Beneficial Societies, both of Bethlehem, Pa., favoring recognition of Italy as a full ally of the United Nations and that democratic representatives of Italy be invited to the San Francisco conference; to the Committee on Foreign Relations.

By Mr. WALSH:

A resolution adopted by the Italian-American Charitable Society, Inc., of Newton, Mass., favoring immediate recognition of Italy as a full ally of the United Nations and to safeguard its rights and privileges as such; to the Committee on Foreign Relations.

POLL BY AMERICAN LEGION ON COMPULSORY MILITARY TRAINING

Mr. BUTLER. Mr. President, I ask unanimous consent to present for appropriate reference and printing in the RECORD a letter from the adjutant general of the American Legion, Post No. 1, concerning a poll conducted by that post with reference to compulsory military training.

There being no objection, the letter was received, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:

OMAHA POST, No. 1.

THE AMERICAN LEGION,

Omaha, Nebr., March 30, 1945.

Hon. HUGH BUTLER,

Senate Office Building,

Washington, D. C.

MY DEAR SENATOR BUTLER: On February 14, 1945, Omaha Post, No. 1, American Legion, passed a resolution on the proposed legislation for universal military training. The resolution passed unanimously at the post meeting, and the adjutant was instructed to conduct a poll among all members of the post, especially those with service in World War No. 2.

Post cards were sent to all 1945 paid-up members and they were asked to vote "yes" or "no" on the resolution that was adopted at

the post meeting. This poll was conducted to provide authentic information to the Nebraska congressional delegation regarding the attitude of World War No. 1 and World War No. 2 veterans on this subject.

Results of the poll to date are World War No. 1 veterans, 2,795 affirmative and 396 negative votes; World War No. 2 veterans, 711 affirmative votes and 66 negative votes. This showed World War No. 1 veterans voted 6 to 1 in favor of the resolution and a still heavier ratio of 11 to 1 of World War No. 2 veterans in favor of the resolution.

You have stated in correspondence to this office that you were desirous of knowing the attitude of World War No. 2 veterans on the question of universal military training, and the result of this poll should be most convincing.

We are quite sure that if you will examine the results of polls that are taken of men now in the armed forces serving overseas, you will find the percentage in favor of military training is even greater than the results of the Omaha Post poll.

The returned cards supporting this poll are on file in our office at 105 City Hall, Omaha, for the inspection of anyone interested.

Yours very truly,

MATT D. JAAP,
Adjutant.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

S. 804. A bill to authorize certain additional appointments in the Officers' Corps of the Regular Army in initial grades not above the grade of captain; without amendment (Rept. No. 160); and

S. 805. A bill to insure further the military security of the United States by preventing disclosures of information secured through official sources; with an amendment (Rept. No. 161).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MEAD:

S. 821. A bill to modify harbor project at Oak Orchard, N. Y.; to the Committee on Commerce.

By Mr. WALSH:

S. 822. A bill to reimburse certain Navy personnel for personal property lost or damaged in a fire at Naval Base 2, Rcsneath, Scotland, on October 12, 1944;

S. 823. A bill to reimburse certain Navy personnel and former Navy personnel for personal property lost or damaged as the result of a fire in the United States Naval Hospital, Seattle, Wash., on May 10, 1944; and

S. 824. A bill to reimburse certain Navy personnel and former Navy personnel for personal property lost or damaged as a result of a fire in Quonset Hut E-172 at the Amphibious Training Base, Camp Bradford, Naval Operating Base, Norfolk, Va., on January 20, 1945; to the Committee on Naval Affairs.

(Mr. BYRD introduced Senate bill 825, which was referred to the Committee on Naval Affairs, and appears under a separate heading.)

RESEARCH BOARD FOR NATIONAL SECURITY

Mr. BYRD. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill which provides for the establishment of a research board for national security. This proposed legislation would establish a research board with direct responsibility for keeping military inventions abreast of

[PUBLIC LAW 30—79TH CONGRESS]

[CHAPTER 54—1ST SESSION]

[S. 298]

AN ACT

To continue Commodity Credit Corporation as an agency of the United States, increase its borrowing power, revise the basis of the annual appraisal of its assets, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is amended by striking out "\$3,000,000,000" and inserting in lieu thereof "\$4,750,000,000".

SEC. 2. The provisions of subsection (c) of section 381 of the Agricultural Adjustment Act of 1938 (52 Stat. 67) are suspended until the expiration of the two-year period beginning with the 1st day of January immediately following the date on which the President, by proclamation, or the Congress, by concurrent resolution, declares that hostilities in the present war have terminated. During the period of such suspension the Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than the parity or comparable price therefor, except that the foregoing restriction shall not apply to (1) sales for new or byproduct uses; (2) sales of peanuts for the extraction of oil; (3) sales for export; (4) sales for seed or feed: *Provided*, That no wheat or corn shall be sold for feed at less than parity price for corn at the time such sale is made: *And provided further*, That in making regional adjustments in the sale price of corn or wheat for feed, the minimum price need not be higher in any area than the United States average parity price for corn; (5) sales of commodities which have substantially deteriorated in quality or of non-basic perishable commodities where there is danger of loss or waste through spoilage; or (6) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity. The method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for seven-eighths-inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths-inch Middling cotton at such average location for the purposes of this section.

SEC. 3. The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply to the operations of the Commodity Credit Corporation for the fiscal year ending June 30, 1946: *Provided*, That the making of subsidy payments and the buying of commodities for resale at a loss, by the Commodity Credit Corporation, shall be limited as follows: Obligations for making such payments and absorbing such losses may be incurred and paid by the Commodity Credit Corporation (a) in such amounts as may be necessary (1) to complete operations with respect to 1944 and prior year crop programs and (2) to fulfill

obligations incurred prior to July 1, 1945, with respect to 1945 and prior fiscal year noncrop programs; and (b) in amounts which do not involve subsidy payments or losses in excess of (1) \$568,000,000 for operations during the fiscal year ending June 30, 1946, with respect to the dairy production payment program, (2) \$120,000,000 for operations during the fiscal year ending June 30, 1946, with respect to other non-crop programs, including the feed-wheat program, and (3) \$225,000,000 with respect to the 1945 crop program operations: *Provided*, That not to exceed 10 percentum of each amount specified in clauses (b) (1), (2), and (3) shall be available interchangeably for the operations described in such clauses but in no case shall the total subsidy payments and losses absorbed under any one of such clauses be increased by more than 10 per centum: *Provided further*, That in carrying out the dairy production payment program, beginning April 1, 1945, the rate of payment per pound of butterfat delivered shall not be less than 25 per centum of the national weighted average rate of payment per one hundred pounds of whole milk delivered.

SEC. 4. The first two sentences of section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, are amended to read as follows:

"As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

SEC. 5. The first sentence of subsection (a) of section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is amended by striking out "June 30, 1945" and inserting in lieu thereof "June 30, 1947".

Approved April 12, 1945.